The evolution of modern Germany

William Harbutt Dawson

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THE EVOLUTION OF MODERN GERMANY

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THE EVOLUTION OF MODERN GERMANY

UNIV. OF CALIFORNIA

BY

WILLIAM HARBUTT DAWSON

AUTHOR OF "GERMANY AND THE GERMANS," "THE GERMAN WORKMAN," "GERMAN SOCIALISM AND FERDINAND LASSALLE," "PRINCE BISMARCK AND STATE SOCIALISM," ETC., ETC.

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INTRODUCTION

ALTHOUGH the writing of this book was begun several years ago, unavoidable circumstances have delayed its completion. Yet the delay has not, to the writer at least, been a disadvantage, since it has extended the perspective of his subject, and has made it possible to base many opinions and conclusions upon a wider survey and a larger generalisation than would otherwise have been possible.

The title of the book sufficiently describes the aim which the writer has had in view: that of tracing the transformation of the Germany of half a century ago into the Germany which we know to-day. That transformation has been essentially economic; hence economic questions largely occupy the following pages. At the same time several other problems which closely affect the internal and external development of the Empire have been passed in review. It may be desirable—though it should not be necessary—to say that the book is not intended to have any bearing whatever upon the economic issues which exercise the British public at the present time. The chapters have been made as little technical as possible, though several of them are necessarily occupied by a recital of facts and figures illustrative of industrial and commercial progress.

This book is not intended to be either a glorification or a disparagement of Germany from the standpoint of industry and labour. It seeks to show the Germans as a trading nation just as they are; to describe their efforts, energies, successes; to tell British readers what they ought to know, and must know, if they would understand how it is that Germany has gone ahead so rapidly during recent years, not, however, by way of discouraging but of reassuring them. For there is really little mystery about Germany's industrial pro-

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gress; it has been achieved by means and methods which are open to all the world if only people will employ them. Science, education, application, and an equal regard for small as for large things—these, in the main, are the causes of Germany's success as a rival in the markets of the world, and, speaking generally, it is safe to say that where the enterprise of other nations has fallen back in these markets it has been owing to deficiency in one or other of these conditions, upon which Germany lays special stress.

It is the writer's opinion that German industrial competition, far from having reached its highest point, will inevitably increase in severity in the near future. Several reasons seem to afford ample justification for this opinion. One is the comparative youth of German industry. Another is the fact that national thought and energy are being devoted to mercantile pursuits with a whole-heartedness witnessed in no other Continental country. This is not to say that the German industrialist and merchant are superior to their rivals; they do, however, show an absorption in their callings which in these days is not everywhere fashionable. The *furor Teutonicus* of old has its modern counterpart in an *ardor Teutonicus* whose object is material wealth, and this object is steadily being achieved. Further, German industrial competition will be stimulated still more by the rapid growth of population and the absence of German colonies suitable for settlement by Europeans. The facts — for facts they undoubtedly are — upon which this prognosis is based are set forth in detail in Chapter XVII.

There is one other unrecognised influence which has in the past helped in a high degree to direct enterprise into industrial channels and will help in the future. It is the influence of that policy of nationalisation and municipalisation which has been developed in Germany as in no other country. So many domains of public utility have been entered, and even appropriated, by the State and municipal bodies—the railways and tramways, harbours, river and canal transport, insurance, banking, &c.—that private effort and capital were compelled to seek outlets in productive undertakings more exclusively than has been the case in countries which have fought shy of collective enterprise. We may judge the policy of nationalisation and municipalisation as we will, it has unquestionably helped to make

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Germany more an industrial and less a merely trading country than it would otherwise have been.

On the other hand, there are some circumstances which may well afford assurance in circles alarmed by the extent and causes of German competition. Hitherto the German industrialist has enjoyed specially favourable costs of production, notably owing to the lower wages paid and the longer hours worked, but the existing relationships between capital and labour afford no reason for assuming that this advantage will always continue in the same measure as hitherto. Owing to a variety of causes Germany is also fast losing its character as a cheap country; its people are no longer satisfied with the old simple life; they may have larger incomes than formerly, but they also spend more. This breaking with the old spirit of frugality and renunciation may imply a rising standard of civilisation; it is certain that the effect is to increase such important elements in the cost of production as salaries and wages, interest, and profit.

Viewing the question of German competition specially from the standpoint of his own country and its interests, it is the writer's opinion that British enterprise will have nothing to fear if only it will follow the large aims and emulate the courage and resolution of the pioneers of our national industry, who not only gave to British trade the pre-eminent position which is nowadays being assailed, but who even created, directly or indirectly, most of those German industries whose assault is proving most effective. The most practical and the only politic spirit in which to meet Germany's competition is the spirit of inflexible good-humour, combined with an equally inflexible determination not to abandon ingloriously fields of enterprise upon which so many victories of peace and civilisation have been won in the past.

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THE MODERN SPIRIT

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IN one of his letters to Eckermann, Goethe strikes truth at a deep level when he says, "I will tell you something, and you will often find it confirmed in your later life. All epochs of retrogression and dissolution are subjective; on the contrary, all progressive epochs have an objective direction. Every resolute endeavour turns from within to the world without."

No words could better characterise the change which has come over the land of Goethe in modern times or better describe the significance of that change. The last fifty years have witnessed the decay and end of the old "subjective" epoch of self-absorption, of concentrated, self-centred national life, and the opening and the triumph of a new "objective" era of external effort, beginning with foreign-trade ambitions and culminating in an ambitious foreign-politics. This more than anything else is the distinguishing mark of the Germany with which the world to-day has to do—the abandonment of the old national forms of life and the resolute pursuit of world-aims and a world-career, with the determination, if not to win absolute primacy amongst the nations and

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empires of modern civilisation, at least to dispute such primacy with any existing or potential claimant.

A consideration of the modern evolution of Germany, entirely practical though its aim must inevitably be, may then fitly begin with a brief survey of the intellectual and spiritual transformation which this evolution has meant and has necessitated for the Germany of old, the Germany which Europe and the civilised world knew before the economic struggle for existence became the greatest of international questions.

All progress, says Herbert Spencer, means change. It does not necessarily follow that all change means progress. The transformation which has made of disunited Germany, poor, undeveloped, stagnant, a world-empire rich in all the resources of material power, with commerce in every sea and territory in almost every continent, is regarded by the politician and the man of affairs as a triumph of sagacious statesmanship and racial tenacity, and such a claim may be made justly. It may be, however, that for power which has been gained without power has been lost within, and that the exchange of national values has not been an exchange of equivalents. Whether that be so or not, the future alone can decide, yet the issues involved are immensely important, first to Germany itself, but also to the rest of the world—to Germany, because the staying power of a nation depends infinitely more upon its moral than its material force, or there would have been no German Empire to-day; to the world at large, because, in taking the conspicuous place amongst the nations to which ambition and destiny alike seem to impel it, Germany will project into civilisation new and powerful influences which may be either helpful or retarding.

No one who knows Germany from its literature, and especially its poetry and its philosophy, and who has followed its career during the past generation, can have failed to recognise the immense change which has come over the national life and thought. A century ago idealism was supreme; half a century ago it had still not been dethroned; to-day its place has been taken by materialism. This is not to say that belief in ideas is extinct or that high thinking has passed out of fashion in Germany. Even to-day scholarship is nowhere held in greater regard, learning is nowhere cultivated more resolutely and for its own sake, than in that country. The universities

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train from year to year a larger number of students than ever before, and if "real" or practical studies have to some extent challenged the supremacy of the old classical discipline in the scheme of higher education, it may safely be said that study is followed with all the old devotion and disinterestedness no less by the student than the teacher. Nevertheless, the dominant note of German life to-day is not that of fifty, or forty, or even thirty years ago.

If one goes back a century in German history, four great intellectual figures will be seen to stand out unchallenged by their contemporaries. They were Kant and Fichte on the one hand, Goethe and Schiller on the other. The influence of these four men upon the national life in different directions has been incalculable. For a time it might have seemed as though they were destined to be the inspirers and guides of the nineteenth century—Goethe and Schiller its teachers in the art of life, Kant and Fichte its teachers in political thought and social duty. And, indeed, a German culture based upon the ideals represented by Weimar, Königsberg, and Berlin at that time would have been a force not more powerful than beneficent in moulding the nation and in leavening modern European thought. On the one hand Schiller, drawing his inspiration from classical antiquity, emphasised the æsthetic side of life, the claims of beauty, harmony, rhythm; while Goethe stood for largeness, fulness, and completeness of life. Viewing human life from the social side, Kant and Fichte instilled into their contemporaries the solemn ideas of duty and responsibility, applied them to civic relationships, and built them into the foundations upon which a new Prussia and a new Germany were soon to be built.

For a time the teaching of these four sages, whose lives and work bridged the eighteenth and nineteenth centuries,* exerted a controlling and overmastering influence upon the German race. It helped more than anything else to nerve and pull together the nation after the humiliations of the Napoleonic era; it created the spirit of self-sacrifice which not only brought Germany out of its troubles, but made the military triumphs of later years possible; it originated the enthusiasm for education which caused Germany to be known as a land of schools; and it is

* Goethe lived from 1749 to 1832, Schiller from 1759 to 1805, Kant from 1724 to 1804, and Fichte from 1762 to 1814.

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at the heart of everything that is good and wholesome in Germany to-day.

Nevertheless, the national shrines are no longer to be found in the "city of pure reason" in the far east of the Prussian monarchy or in the tranquil garden-house on the banks of the Ilm. A new spirit has entered into the national life. If the first half of the nineteenth century witnessed in Germany the reign of spirit, of ideas, the second half witnessed the reign of matter, of things, and it is this latter sovereignty which is supreme to-day. A century ago Germany was poor in substance but rich in ideals; to-day it is rich in substance, but the old ideals, or at least the old idealism, has gone.

If one would understand how far Germany has drifted from the old moorings, it is only necessary to recall some words of Fichte's which are strangely unpopular to-day. At the beginning of the nineteenth century, just when Germany was preparing for the last great struggle which was to free it from the grasp of the Western python, no man so truly voiced the national mind and aspiration as Fichte in the eloquent addresses to his people which he uttered from his chair in the University of Berlin, and it is interesting to recall a striking passage in which he specially protested against the view that Germany, the land of thinkers and idealists, could ever indulge materialistic ambitions.

"Equally alien to the German," he said, "is the 'freedom of the sea' which is so often proclaimed in these days. For centuries during the rivalry of all other nations the German has shown little desire to share this freedom in any great measure, and he will never do so. Nor need he do it. His richly endowed land and his industry afford him all that the cultured man needs for his life; he has no lack of industrial skill; and in order to appropriate to himself the little real gain which international trade yields, viz., the expansion of the scientific knowledge of the earth and its inhabitants, his own scientific spirit will provide him with a means of exchange. Oh, if only happy fate might have preserved the Germans as much from the indirect participation in the booty of the other hemisphere as it did from the direct! If only credulity and the desire to live as finely and respectably as other nations had not made into needs the unnecessary commodities which foreign countries produce, if we by renouncing the less essential needs had created tolerable condi-

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tions for our free fellow-citizens, instead of desiring to extract gain from the sweat and blood of the poor slave across the ocean,—then we should not at least have given a pretext for our present fate, and we should not be warred against as buyers and ruined as a market.

"Nearly a decade before any one could foresee what has since happened the Germans were advised to make themselves independent of the world market and to close up their borders as a mercantile State. This proposal went counter to our habits, and especially to our reverence for the coined metals, and was hotly opposed and rejected. Since then we have learned by foreign force and with dishonour to do without much which then we declared our liberty and our highest honour would not allow us to dispense with. May we seize the opportunity, when luxury at any rate does not blind us, of correcting our ideas! May we at last recognise that, while the airy theories about international trade and manufacturing for the world may do for the foreigner, and belong to the weapons with which he has always invaded us, they have no application to Germans, and that, next to unity amongst themselves, their internal independence and commercial self-reliance are the second means to their salvation and through them to the welfare of Europe."

Side by side with these words may be quoted the lament of a recent German writer impressed by the ambiguity of a national prosperity which is expressed in purely material values:—

"One is often pained and overcome with longing as one thinks of the German of a hundred years ago. He was poor, he was impotent, he was despised, ridiculed, and defrauded. He was the uncomplaining slave of others; his fields were their battleground, and the goods which he had inherited from his fathers were trodden under foot and dispersed. He shed his blood heroically without asking why. He never troubled when the riches of the outside world were divided without regard for him. He sat in his bare little room high under the roof, in simple coat and clumsy shoes; but his heart was full of sweet dreams, and uplifted by the chords of Beethoven to a rapture which threatened to rend his breast. He wept with Werther and Jean Paul in joyous pain, he smiled with the childish innocence of his naïve poets, the happiness of his longing consumed him, and as he listened to Schubert's song his soul

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became one with the soul of the universe. Let us think no more of it—it is useless. We have become men, and the virtues of our youth are ours no more. We can but face the inevitable and overcome it." *

There never was, of course, happily for mankind, an entire nation of such unpractical hypersentimentalists, yet the picture here drawn is so far true to fact that it describes a mood, now no longer or rarely to be met with, which used to be distinctively German, and which is reflected in a host of folk-songs and poems that even yet have not lost their power to move the imagination and emotion of those who have not been drawn into the vortex of materialism. Germany in the mass, however, is made of sterner stuff.

It is inconceivable that there could be written in Germany to-day such exquisite lyrics as those of Eichendorff, Ruckert, and Geibel, so full of true inwardness and genuine sentiment without a breath of sentimentality, or such stirring epics of duty as those which came from the souls of men like Körner and Arndt a hundred years ago, when Germany was weak and poor, and dreams of world-power had never entered the minds of its rulers and politicians. It is inconceivable that modern Germany could weep over the sorrows of Werther, or succumb to the haunting moods of a Lenau. It is inconceivable that a Fichte could to-day rise up and proclaim to a responsive nation the preciousness of poverty linked with spiritual worth. Even the centenary of Schiller's death three years ago passed without rousing any emotion that could be identified with enthusiasm, and of that notable anniversary the royal theatres of Berlin had not a word to say.

It might be thought that in a book which purports to trace Germany's modern economic evolution reflections of this kind are out of place. In truth, the full significance of that evolution cannot be understood without a knowledge of the conditions which preceded and have been supplanted by it. Germany is what it is to-day because the strength, ardour, eagerness which are inherent in the national character, yet of old were wont to embody themselves in ideal forms, have sought an outlet in new directions. It is the same Germany, yet in

* "Der Kaiser und die Zukunft des deutschen Volkes," G. Fuchs, pp. 70–71.

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thought another; the same nation, yet its life and pursuits are different.

The comment upon all this of the practical man is that material progress requires sacrifice of ideals, and that Germany would not have been able to claim a larger share in the world's life had it not been willing to forego something of the old self-culture. This is, of course, true. The old Germany and the new Germany could not live side by side, and the old Germany has given way. The significant thing is that the sacrifice has been made so deliberately and so completely.

It must be admitted that the temptations to materialism which came to Germany after the French War were immensely powerful, and such as would have sorely tried the moral fibre of more settled nations. The enthusiasm and energy which carried that war to a triumphant conclusion were not exhausted but rather increased when the Empire was established and the ardent aspiration of generations of patriots was consummated. An outlet was necessary, and the French milliards pointed the way. Before 1870 the economic revolution had already begun, and Germany would have become more and more industrial every year by the very necessity of things, but the development would have been gradual, and there would have been no abrupt break with the past. The war, the indemnity, and the new Empire together gave to material enterprise an abnormal impetus, an impetus so strong that it has never since suffered check. That under circumstances so exceptional the national balance would be disturbed was inevitable.

It is unnecessary to enlarge here upon the industrial and commercial successes which have gone together with this transformation of national thought, for they will be passed in review later. The present purpose is rather to point to the more pregnant signs of the new spirit that is dominant in German life. One of these signs is the materialising of education, a tendency by no means confined to Germany, however, nor even one in which that country has set the example. The movement began with an attack on the Gymnasia and their discouragement in favour of the modern schools, and it has since spread in many directions. To-day the teaching of English is being fostered in the secondary schools of Prussia as never before, yet let no one suppose that it is out of compliment to English literature or for

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any intellectual or ideal reason. In the Ministerial decree which supplanted French by English as a compulsory subject, reference was made for propriety's sake to the value for literary and political reasons of the study of English, but the real motive was the practical one, the recognition that English is the language of commerce, and a knowledge of it the best key to the markets across the seas.

It is a bitter complaint of the philosophical faculties at the universities, and of none so much as the Prussian, that the only requests for larger grants of money to which the Government will listen are those which come from the directors of the practical sciences. "At the beginning of the nineteenth century," writes Professor Paulsen, of Berlin, than whom no one has more right to speak upon this subject, "speculative philosophy was in the ascendant, and with it went humanistic philology, both being one in that their aim was contemplation. At the end of the century natural science was predominant, and natural science in the service of technics and medicine. One has only to note the increase of technical colleges and the expenditure which the State incurs on behalf of science;—for new institutes of natural science and medicine new millions are always ready, but is any liberality shown towards the most modest needs of philology or philosophy?" *

"A onesidedness which only esteems material values and an increasing control over nature is destructive in its influence," wrote Professor Dr. Rein, of Jena, recently, "and this onesidedness set in during the second half of the nineteenth century in Germany. We Germans have ceased to be the nation of thinkers, of poets, and dreamers, we aim now only at the domination and exploitation of nature. . . . Have we Germans kept a harmonious balance between the economic and the moral side of our development, as was once the case with the Greeks? No; with the enormous increase of wealth dark shadows have fallen on our national life. In the nation as in the individual we see with the increase of wealth the decrease of moral feeling and moral power."

"One recognises with anxious apprehension," says another writer, "that the active interest for natural science and technical improvements is not balanced by a deeper concern for the

* "Zur Ethik und Politik," p. 62.

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problems of the mental sciences and the arts, which, in truth, can alone beneficially appropriate the achievements of technical culture; that in every department of German life a tendency to be satisfied with externals is visible, and the endeavour after knowledge and self-realisation is lacking; that we have, indeed, made progress in the domain of industry, commerce, and material life, but, on the other hand, the old German quality of striving after the essence of things, the hidden soul of phenomena, and the delight in this endeavour—free from all secondary ends—is more and more being lost; that we have lost the old idealism and in its place have put phrases and pomposity and high-sounding words." *

The attractions of a commercial career, offering high rewards and great possibilities of material advancement, have exerted a strong influence even in bureaucratic circles, from the lower grades to the highest. The new economic era has witnessed the subversion of the Chinese wall of caste exclusiveness which used to surround the official class. The dignity and repute of this class continue as before, and there is no lack of applicants for admission to its charmed circle, but many of the ablest men are no longer found there. It is not that the official is less appreciated, less honoured by his Government, or finds a more circumscribed sphere of duty than hitherto: the one secret of the failure of an official career to attract to the extent it used to do is the State's unwillingness and inability—probably, under existing conditions, the latter more than the former—to offer material inducements equal to those which are held out in private life. Royal orders and decorations are distributed even more freely than in the past, and State officials can always count on receiving step by step the insignia which traditionally belong to their rank, but stars and crosses do not keep up the costly establishments which the custom of the age requires, and it is a perpetual complaint even in ultra-bureaucratic Prussia that the best business men are found not in the State service but outside, at the head of industrial, commercial, and financial undertakings offering to able directors and administrators emoluments beyond the means of the national Treasury. When in 1907 the Imperial Government was requested to take the initiative in establishing a chemical-technical institute, the

* "Unser Kaiser und sein Volk," by a "Schwarzseher" ("Pessimist"), p. 155.

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Minister of the Interior replied that it would be impossible, unless the chemical industry largely supplemented such salaries as the Government might be able to pay the necessary staff. "In private undertakings," he said, "able technicologists and chemists receive salaries which we could never offer. I am at a great disadvantage that, in spite of all efforts, I am unable to secure for the Imperial service conspicuous ability, simply because better remuneration is offered elsewhere."

Now and then outsiders of exceptional ability accept Ministerial positions, but they sacrifice material interests in doing so, and it is only because they are independent of salary considerations that such men elect to change the responsible yet highly paid duties of a commercial calling for the equally responsible, far more thankless, and generally underpaid duties of an official career. On the other hand, a far larger number of men leave the State service to take charge of large industrial companies, or enter their directorates, on very remunerative terms. The late Dr. Bödiker, the head of the Central Insurance Board, joined the firm of Siemens & Halske; ex-Ministers have in recent years been attracted to the directorates of another Berlin electrical company and of Krupp's at Essen; other high Government officials have joined the Steel Syndicate and the Berlin Tramway Company, and the directorates of the two large shipping companies contain men who have or had important connections with the Prussian Government and even with the Crown.

To the average Englishman the chief significance of the aggressive movement of Germanism in modern times lies in the successful claim which the German industrialist and merchant have asserted to a large share of the world's trade. Yet those who look deeper will discover other and more momentous signs of the new spirit. One of these is the growth of what can best be described as a cult of force. Here the effect of the three successful wars which Prussia waged early in the second half of last century may clearly be traced. It is naturally in the political domain that the tendency to worship force is specially seen. The course of German politics, both domestic and foreign, during the past generation has largely been determined by this spirit, which found its completest personification in Prince Bismarck.

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"Political questions are questions of power," was Bismarck's fixed principle, and he was never wanting in fidelity to it. For some of the rougher work which he had to do force was, indeed, the only possible instrument, but it was not only in war that he applied his favourite specific.

All Bismarck's impatience with theory, all his contempt for the man of thought and contemplation, and all his rough-riding over some of the most treasured traditions of political and economic thought were but different expressions of the same absorbing belief in the efficacy of resolute action. He has his disciples and imitators to-day—men full of the will to follow in his footsteps, but lacking the strength and opportunity, mere shadows of substance, yet in their weak and ineffectual way personifying his influence and perpetuating his spirit and tradition. A well-known military politician and ex-Colonial Governor frankly stated not long ago: "That which is lacking in our diplomatists we must make good in brute force," and the sentiment, more mildly expressed, has a considerable vogue in the circles which specially cultivate "real" politics.

"Two souls dwell in the German nation," writes Professor Paulsen; "the German nation has been called the nation of poets and thinkers, and it may be proud of the name. To-day it may again be called the nation of masterful combatants, as which it originally appeared in history."* That is true, but an addition is needful, for the struggle to which Germany has since 1860 devoted its undivided strength is not a struggle waged consciously in the name and for the sake of civilisation, is not a struggle for intellectual or political ideals, or ideals of any kind, but a struggle for sheer mastery in the realm of matter and for political ascendancy amongst the nations. Yet if Germany should ultimately gain all the material success and political power it aspires after, no one will dare to say that it will mean more for civilisation and the world than the weak and disjointed Germany of a century ago, which gave to mankind the Goethe and Schiller, the Kant and Fichte whose teachings have for the time been cast aside.

The effect of this worshipping of material force is seen in the elevation of the State to a position of importance which it never held before, in the multiplication of its functions and the

* "Zur Ethik und Politik," p. 59.

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centralisation of authority, without any corresponding increase of national control. To-day everything is expected of the State, and in proportion to the expectations built upon it is the power with which it is endowed. It is seen pre-eminently in the huge army which Germany has created, and which represents the cult of force in its most universal form, since the army on its modern basis is to all intents and purposes the nation. It is the wish for more power which also lies at the root of the agitation for a navy which may be a fit complement to the invulnerable land force. And yet there is no more pacific nation in Europe than the Germans. No wilful disturbance of the world's peace need be apprehended from them, for the economic conquests upon which their mind is set can only be achieved by peaceful methods, and this they know far better than some of the rivals whose trade they are capturing.* It is the desire simply to have, rather than to use, these two symbols of force which animates the middle and upper classes and makes it so much easier for the modern Ministers of War and the Admiralty to carry their costly schemes than it was for their predecessors, even when the Empire was still in its infancy. The same tendency is seen in the bitter struggle of parliamentary parties, in the absence of balance and of the spirit of compromise and accommodation which they show, and never more than during the late period of "Bloc" politics.

It is seen no less in the economic struggle—between capital and labour in general, and in a narrower sense between the industrialists and the agrarians—a struggle probably fiercer than in any other country, and likely yet to become more vehement before any conciliation of the contending interests will be possible.

If, as John Ruskin has said, a nation's architecture is an expression of its ideals, its soul, it should not surprise us that here, too, the cult of force is shown. One of the most significant signs of the change of spirit which has come over Germany—the North particularly—is the architecture of towns rebuilt during the past thirty years. No example is so in-

* "We, for our part, have naturally to take care to avoid war with England, for in the first place war would land us in immeasurable danger, and in the second place the methods of peaceable competition have hitherto been adequate to win—not so much at England's cost as side by side with it—an increasing market for our industry."—Dr. Paul Rohrbach, "Deutschland unter den Weltvölkern," p. 151.

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structive as the capital itself. One has only to compare the relics of old Berlin—the Berlin of the eighteenth century and earlier—with the city which has come into being since 1871 in order to understand that influences have been at work which have entirely transformed the mind and conceptions of the present generation. Everywhere one sees the worship of massivity, the striving after crude, imposing effects—in the modern monuments, the public buildings, the bridges, and not least the cathedral which has arisen upon the site of Schinkel's light and dainty structure. If one is to speak of art in relation to these works it is primitive art, wherein form is subordinated to size. They impress, indeed, by their mass and dimensions, and by the suggestion of power which they convey, but they are without imagination—they are body without soul—and create in the beholder a sense of unrest and oppression. It is significant that while the statue of Charlemagne before the Rathaus of Aix-la-Chapelle is a finely-modelled life-size figure, the statue which Hamburg has erected to Bismarck is a monstrous structure, more like a lighthouse than a monument.

It is not merely in the great public memorials, however, that the modern spirit of force is incorporated; the same thing may be seen in domestic architecture. The mediæval German dwelling-house was a picturesque structure of brick and timber, with romantic niches and corner windows, with carved woodwork, diamond windows, projecting gables, and high-pitched roofs. It was not convenient as modern ideas go, and its hygienic arrangements were seldom perfect, but it fitted in with an age when life had still its poetry and when people did not hurry, and it was often a thing of beauty and delight. One need only compare a Brunswick house in the Altstadtmarkt with a modern Berlin barrack-house, with its six stories and basement and its fifty dwellings crowded round a dark courtyard, in order to understand how different is the new spirit from the old, and wherein this new spirit consists.* Any one who has studied the singularly

* "In the eighteenth century," writes W. H. Riehl, "every German (royal) residential town wished to be a Versailles; now every such town wishes to be a Paris or London. Even the smallest of towns tries at least to ape the cities, just as every burgher tries to ape the gentleman. These big and little 'large towns,' in which every peculiarity of German urban life is dying out, are the hydrocephaloids of modern civilisation, and hydrocephalus, it is well known, not infrequently indicates an immature and extremely excited mental life."—"Stadt und Land," p. 56.

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interesting and perfectly governed city on the Spree from this standpoint will understand what a recent German writer means when he says, "We have buildings dedicated to the noblest and highest functions—theatres, schools, parliaments; and yet they proclaim nothing of the wonderful mysteries of the German soul, nothing of our stock's proud consciousness of mastery, nothing of our longing, our faith, our achievement. Nay, they hardly speak of the purpose for which they exist." *

There is, indeed, a large element of Romanism in modern Germany, in its megalomania, its exaltation of machinery and systems, its fondness of massiveness, its restless hankering after great effects, and all these characteristics are summarised in the phrase "force-worship." Wherever one looks in Germany at the present day one sees the assertion, on a grandiose scale, of an endeavour after sheer mastery—in the struggle with natural forces which has been carried on with such wonderful perseverance and deserved success, in the strengthening of the Imperialistic spirit, in the irresistible advance of industry and commerce, in the striving after an inviolable military power, in the eager and jealous glances which are now being turned to the sea. In all these things the underlying thought is the thought of *subdual*, and subdual is the spirit of modern Germany, now in the first blush of a new life, its capacities still but partially developed, its resources but partially discovered.

Yet, for all this, it is questionable whether unified Germany counts as much to-day as an intellectual and moral agent in the world as when it was little better than a geographical expression, and the reason is that for the present its strength is not the strength of a nation that lives by and for ideals. Germany has at command an apparently inexhaustible reserve of physical and material force, but the real influence and power which it exerts is disproportionately small. The history of civilisation is full of proofs that the two things are not synonymous. A nation's mere force is on ultimate analysis its sum of brute strength. This force may, indeed, go with intrinsic power, yet such power can never permanently depend on force, and the test is easy to apply—what remains of influence when the force is removed? Rome ruled by force, and when the legions went Rome went too. Greece lacked Rome's material force, but by

* G. Fuchs, "Der Kaiser und die Zukunft des deutschen Volkes," p. 19.

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power of intellect and ideals it ruled where the legions were impotent, and Rome itself passed beneath its sway.

The analogy seems to apply with singular appositeness to Germany as we see it to-day. Half a century ago it might have seemed as though it had still been open to Germany to choose whether it would play the part of a Greece or a Rome in modern civilisation. For the present the assertion of modern Germanism is the assertion of material force, and it remains yet to be seen whether behind that assertion of force there is a spiritual influence that will permeate society and so become a permanent factor in civilisation. We know what old Germany gave to the world, and for the gift the world will ever be grateful: we do not know what modern Germany, the Germany of the overflowing barns and the full argosies, has to offer beyond its materialistic science and its merchandise, or whether the later gift will be of a kind to call for either thankfulness or admiration. "Is there a German culture to-day?" asks a recent writer. "We Germans are able to perfect all works of civilising power as well and indeed better than the best in other nations. Yet nothing that the heroes of labour execute goes beyond our own border or even is elevated at home as a symbol of German strength, German love, German pride, German beauty—as if, indeed, we were poor in strength, love, pride, and beauty!" *

If what has been said correctly describes the influences which to-day are contending for, if they have not already obtained, ascendancy in Germany, light will be thrown on phases of German life and character which otherwise might seem difficult to understand. It is the domination of the force-cult which explains why Germany, which succeeds so brilliantly in governing material forces, fails lamentably in governing spiritual forces. So far as command over matter goes, the German is not merely good, but unapproachable. Any work, any function that can be performed by system, he will perform as no other man on earth. His machinery will not always be the best, but in its own way it will work to perfection and the finished product will be the best of its kind—that is, the best that such machinery can produce. When, however, it comes to working with human material the German system breaks down, for here machine work is of little value. That is why Germany, which excels so conspicuously in

* G. Fuchs, "Der Kaiser und die Zukunft des deutschen Volkes," p. 17.

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town government, does not succeed in the government of men. That is why the German systems of education, which are incomparable so far as their purpose is the production of scholars and teachers, or of officials and functionaries, to move the cranks, turn the screws, gear the pulleys, and oil the wheels of the complicated national machinery, are far from being equally successful in the making of character and individuality. And Germany knows this—that is, the Germany which does not work the machinery, but submits to its pressure, or looks on while others submit. Hence the discontent of the enlightened classes with the political laws under which they live—a discontent often vague and indefinite, the discontent of men who do not know clearly what is wrong or what they want, but feel that a free play is denied them which belongs to the dignity and worth and essence of human personality.

No one who genuinely admires the best in the German character, and who wishes well to the German people, will seek to minimise the extent of the loss which would appear to have befallen the old national ideals owing to increasing absorption in material pursuits. It may, indeed, prove that the present temper of German thought is only a stage in a new order of development, and there is some justification for this hope in the fact that Germany's faults are in the main the faults of youth. For the nation is still essentially young —younger far than it likes to be thought. "The German people to-day," said truly a representative of one of the universities at the 1907 meeting of the Evangelical Social Congress, "is more juvenile than the other civilised nations of Europe." The things which most strongly impress observers from countries of older civilisation as specially characteristic of modern Germany, and not least the prevailing political ideas and institutions, nearly all suggest youth, immaturity, and undevelopment, and in that fact lies hope for the future.

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CHAPTER II

TRIPARTITE GERMANY

The danger of generalising about Germany—A threefold division of the country—Economic and political contrasts thus brought to light—Characteristics of North and South—West and East Prussia contrasted—The West the centre of the great industries—The incidence of population—The large estates of the East—Effect of the manorial system—Backwardness of the Eastern provinces.

IN few things is it possible to generalise in judging Germany, and those only will generalise who little know, and who still less understand, the country and its people. If a German were asked to describe the life and characteristics of his countrymen, he would probably insist that not one book but twenty-six would be necessary, if the peculiarities of each State were to receive due consideration. One may arrive at many tolerably safe judgments without resort to specialisation so exhaustive as that, yet in forming all these judgments the warning will still need to be borne in mind, that breadth of generalisation is almost invariably at the expense of exactitude, and that rashness is never more dangerous and more mischievous than when exercised in the field of ethnological study.

In this case the pitfalls in the way of the unwary are multiplied owing to the fact that Germany implies not one people but many peoples, with different cultures and different systems of political and social institutions. One has only to consider the geographical features of the country, its political history, the variety of its races, and the diversity of its intellectual and economic life in order to understand the difficulty of forming conclusions capable of wide application.

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Nevertheless, there is a certain division of the country which, while not by any means fundamental, may afford a basis for definite if guarded generalisation, and at the same time for useful comparisons and contrasts. To understand something of the variety of German life and thought one cannot do better than begin by dividing the country, like "all Gaul" of old, into three parts. The division will be faulty and inadequate, yet it will serve to localise conspicuous differences of which it is necessary to take careful account if one's estimates of Germany and the Germans are to have any value whatever.

And the first division would be formed by a line running from West to East, along the frontiers of Lorraine, Baden, Bavaria, and Saxony, and forming thus a Northern and a Southern Germany. A line which followed these territorial and political boundaries would apportion to the North the whole of Prussia from the Rhine Province, adjacent to France and Belgium, to the frontier of Russian Poland in the East, with the two Mecklenburgs, Oldenburg, and Brunswick. To the Southern territory would fall, besides the annexed provinces, the three kingdoms of Saxony, Bavaria, and Wurtemberg and the Grand-duchy of Baden—leaving the Thuringian States as a central zone—a territory whose inhabitants differ in race, yet one which, on the whole, offers greater unity of character within itself than it shares with the strong and assertive monarchy in the North.

The second line would be perpendicular and would dissect Prussia itself, and following common usage it will be convenient to accept the division into a West and an East Elbe area. To the former we should apportion, chiefly, the provinces of Hanover, Hesse-Nassau, Rhineland, and Westphalia; to the latter the low-lying provinces of agricultural Prussia and the two Mecklenburgs, which together may be termed the corn zone of the Empire, inasmuch as this East Elbe area furnishes more than two-thirds of the country's entire production of wheat and rye.

Such a threefold division as this, though, of course, open to objection from many standpoints, does yet bring into relief striking similarities and diversities of character and interests, and will facilitate conclusions of far-reaching significance.

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In the first place our lateral boundary line will be found to connote a broad political division of the German people. In the North, excepting notably the enclaves of Hamburg and Bremen, lies the centre of the great Conservative forces and influences which have played so large a part in moulding German history, and which continue to-day to determine the main tendencies of domestic policy.

When the average Englishman speaks of Germany, he really means Prussia, and consciously or not he ignores the fact that in but few things can Prussia be regarded as typical and representative of the whole Empire.* He reads of the Prussian constitution, with its "three class" system of election, its primary and secondary voters, its shadow of popular representation, and its ineffectual legislative assemblies, and probably does not know that the constitutions of the Southern States are altogether more modern and realise in far greater fulness the representative principle. He reads of Prussia's scientifically rigid bureaucratic system, that works with the inevitableness of a natural law, and concludes that the whole Empire groans under the pressure of officialism. He knows that much Prussian legislation is, according to his ideas, marked by an uncompromising spirit of reaction, and forgets that Prussia's Education Laws, Anti-Coalition Laws, and Polish Colonisation Laws, upon which he as likely as not bases his judgment, would hardly at any time within the last half century have been proposed in any other German State. It is a remarkable fact that Prussia, in material things the most wealthy and most progressive State in the Empire, in internal administration the most capable, in military discipline the most efficient, is in political thought and institutions far behind the smaller States in the South.

In this respect there is, indeed, between North and South just the same difference which exists between the constitutions of the two halves of the Empire and the spirit in which these constitutions were originally conceded. Even to-day, after over half a century of parliamentary government, the party of royal autocracy in Prussia—and it is a large and powerful one—is never weary of reminding the country that the constitution under which it is governed owes none of its authority to popular assent, but was "octroiert"—that is to say, was

* This is, however, no less true of the average Prussian.

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voluntarily granted by the Crown, as something which it was the Crown's absolute right to give or withhold at will. That fact, to understand and allow for which is essential if Prussian political life is to be fairly judged, neither sovereign nor people has ever forgotten: to the one it is a safeguard of monarchical prerogatives, to the other it is a perpetual reminder that all the political rights it enjoys had their origin in royal grace. The kings of Prussia have never received anything from the people, they have always given; prior to 1851 no charters, no laws, no declarations of rights ever limited the sovereign's power or formally determined the relationships of the ruler and the ruled. And because the Prussian constitution came into existence by the royal will, its provisions are rigid and inelastic; what they meant fifty-seven years ago, exactly that, and nothing more, they mean to-day. The Crown conceded so much of its hitherto unrestricted right, the people acquired this fraction of surrendered royal right; and each party to the contract has jealously guarded the readjusted relationships ever since: the one always fearing lest more should be demanded, the other always apprehensive lest the little given should be recalled.

Yet one important admission must be made: just as the old Conservative party, led by Prince Bismarck, was opposed to the granting of parliamentary government early in the 'fifties, and accepted it against its will, so the modern Conservative party sympathises far more with the Crown than with the people.*

In the official programme of the party, which as a practical political document may be said to represent the ideals of Conservatism in their least uncompromising form, one may to-day read:—"It is our desire to see the monarchy by the grace of God preserved unimpaired, and while upholding legally assured civil liberty for all and an effective participation of the nation in legislation, we are antagonistic to every attempt to limit the monarchy in favour of a Parliamentary *régime*." The more liberal spirit that prevails in the Southern States will be seen

* Speaking in the Reichstag on February 5, 1908, a Prussian military deputy well illustrated this widespread sentiment: "I have," he said, "for a long time had the honour to be a member of this House, and I know that the Reichstag is necessary, yet as an officer I was not convinced of the necessity for its existence. As a lieutenant it seemed to me marvellous that four hundred gentlemen should feel themselves called upon to desire to co-operate in the government of the country with my old King and his great Chancellor."

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when present-day constitutional movements in Germany are reviewed.

Not only in its prevailing political spirit, however, but in its entire culture, the North differs greatly from the South. In the far North and East especially there is a hardness and austerity of character which is in strong contrast to the greater urbanity of the South. Any one who knows the German people may satisfy himself of this contrast by the application of a very simple test. There is a fundamental distinction in German character which divides the whole race as by an inviolable line: Germans are "gemütlich" or they are not "gemütlich." If one can at all define the word "Gemütlichkeit," it is the mood or disposition of the good-natured, comfortable, easy-going soul that can enter wholeheartedly into the simpler and primary joys of life. When Faust in Goethe's poem "sat down contented" as he watched the village festival, it was the "Gemütlichkeit" of the scene that enchanted him. Now no one would ever imagine a North German to be "gemütlich," and no one would ever imagine a South German to be anything else.

Only the lower Rhine country differs from the stern temper of the North. There easier conditions of life—longer summers, milder winters, more sun, less working against Nature and more working with her—have created a lighter, more gracious spirit. Yet allowance must also be made for the fact that the culture of the West has been strongly influenced by Roman and later by Gallic influences. Throughout the whole of Western Germany, from North to South, a strong spirit of liberalism both in politics and religion prevails, as a result of its contact with France and French thought.

On the other hand, the North and East have developed to a great degree on independent lines, receiving little from the outside. It is not too much to say that the culture of the far North and East of Prussia is a local, provincial culture, with which the intellectual and political life of the nation as a whole has little in common. A native and defender of the Prussian East, Herr Evert,* recently claimed that "if the East be considered without prejudice it must be acknowledged that not only in the military and political but in the intellectual sphere it has, considering the youth of its civilisation, done notable work for the

* "Der deutsche Osten und seine Landwirthschaft," p. 3.

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good of the community at large," and he advanced in proof the East Prussian origin of Lessing, Kant, Herder, and Copernicus. That the landed families of the East have furnished the army with many of its best officers, and still form a choice recruiting ground for the mess-room, must be cordially conceded. The rest of the claim is more disputable, and the illustrations are especially unfortunate, for Lessing was born in the South of Prussia, Kant was of Scottish descent, Herder was of Slav ancestry, and philosophised and passed most of his life in South Germany, and Copernicus was of Hungarian parentage.

Altogether social life is benigner in the South than the North; there is less strenuousness, and as a consequence more humanity in the Southerner; he may value time less, but his life probably yields him more satisfaction; social conditions do not offer the strong contrasts which are seen in the North, and as a consequence the relationship between classes and between individuals is a less formal and a more genial one. How the contrast appears to a politician may be judged from the following passage which recently appeared in a North German newspaper:—

"Class antagonisms were never so extreme and bitter in the South as in the North. In the South people were always nearer in social condition and in intercourse. This gave to the entire politics of the South a more amiable and more philistine tone. The laws were freer. The laws of association and public meeting especially were informed by a singularly attractive liberalism. The Southerner felt very superior to the Northerner, just as many an English workman still feels superior to his Continental colleagues when he says that 'Socialism may be very well for the poor beggars across the Channel, but we have "a free country," and we have no need of Socialism.' Bavaria has a better franchise law than Prussia and Saxony, and Wurtemberg has a better law of coalition."

But the second division, that of the Northern Kingdom itself, brings to light contrasts no less radical. Here the contrasts are economic as well as political. West of the Elbe lies the cradle and home of German industry. Only Saxony surpasses, and that but slightly, the populous districts of Rhineland and Westphalia in industrial and commercial activity. With 27 per cent. of the population of Prussia, these two provinces had in 1905 40 per cent. of its "industrial" population, *i.e.*, the

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workpeople employed in factories and workshops liable to inspection.* In Saxony 14·3 per cent. of the population were in 1905 industrial workpeople as thus defined; in the Prussian provinces of Rhineland and Westphalia the proportion was 14·0 per cent. Düsseldorf, Essen, Dortmund, Oberhausen, Gelsenkirchen: either of these towns might be regarded as a microcosm of modern industrial Germany. Within the two provinces Rhineland and Westphalia are found at their busiest most of the industries to which the country owes its modern wealth and material advancement. It was when visiting Westphalia in 1907 that the German Emperor said, with pardonable enthusiasm: "In the bosom of your hills are hidden the treasures which, brought to light by the brave miner's busy hands, promote the activity of industry, an industry—the pride of our nation—wonderful in its development, the envy of the whole world." †

Dortmund is the centre of coalfields which furnish more than half the country's entire coal production; nowhere in Germany are the iron, steel, and engineering trades more progressive or more highly developed than in the northern part of the Rhine province; while towns like Barmen, Elberfeld, München-Gladbach, Bielefeld, and Crefeld are great names in the textile trades. Glass and chemicals belong also to the staple products of this hustling region, which may be regarded as in a peculiar sense the workshop of Germany. Typical of the whole is the town of Essen. It is, of course, dominated by one powerful interest, yet its all-round industrial character is shown by the fact that in the district served by the Essen Chamber of Commerce there were recently 1,217 separate undertakings employing 87,200 workpeople (of which 1,193, with 54,000 workpeople, were situated within the municipal area), including 175 mineral, iron, steel and rolling works, 85 metal working undertakings, 107 machine, tool, instrument, and apparatus works, 22 chemical works, 16 oil and colour works, 20 textile factories, 6 paper and leather works, 77 works in the wood trade, 338 in the food, drink, and tobacco trades, and 319 in the clothing trades.

East of the Elbe, on the other hand, lies the great granary

* Hence the handicrafts and the building trades are to a large extent excluded.

† Speech at Münster, September, 1907.

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not only of Prussia, but of the Empire. To the South, in the province of Silesia, which Frederick the Great added to his Brandenburg Marches in the middle of the eighteenth century, the coal and iron trades, and in a less degree the textile trades, afford a large population, to a great extent Slav, its principal source of employment, and there are industrial outposts like Berlin, Hanover, Magdeburg, Halle, &c., but in the main Prussia east of the Elbe is an agricultural region, given up to the growing of corn, and in some districts of the sugar beet, and the exclusiveness of its pastoral industry increases the nearer one comes to the Russian frontier.

How dependent upon agriculture is a large part of the East may be judged from the fact that in many of the Government districts from 50 to 75 per cent. of the population were found in 1895 to be directly engaged in pastoral pursuits—66 per cent. in the Bromberg district, 69 per cent. in that of Posen, 71 per cent. in that of Köslin, 72 per cent. in that of Marienwerder, and 76 per cent. in that of Gumbinnen; while the proportion for Prussia West of the Elbe was between 40 and 50 per cent., yet only between 30 and 40 per cent. in seven Government districts, and as little as 28 per cent. in the district of Cologne, 16 per cent. in that of Arnsberg, and 14 per cent. in that of Düsseldorf. Since 1895 the growth of population has further accentuated the difference, for the lion's share of the increase has fallen to the towns of the West with rapidly expanding industries.

The national occupation census of 1895 showed that the following percentages of the entire population in the Eastern and Western portions of the kingdom respectively were engaged in industry:—

Provinces.	Population in 1895.	Engaged in Industry.	
		Number.	Percentage.
EAST.			
East Prussia	2,006,689	178,080	8·8
West Prussia	1,494,385	152,694	10·2
Posen	1,828,633	173,138	9·5
Pomerania	1,574,147	207,064	13·1
WEST.			
Hanover	2,422,020	418,837	17·2
Westphalia	2,701,420	573,813	21·2
Hesse-Nassau	1,756,802	344,502	19·6
Rhineland	5,106,002	1,173,025	22·9

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The following enumeration of industrial workpeople under factory inspection as above defined relates to 1905, and brings out the contrast between the East and West of Prussia with equal clearness:—

Provinces.	Population in 1905.	Number of Industrial Workpeople in Factories and Workshops.	Percentage of the Whole.
EAST.			
East Prussia	2,030,176	46,623	2·3
West Prussia	1,641,746	61,772	3·7
Posen	1,986,637	50,168	2·5
Pomerania	1,684,326	71,412	4·2
WEST.			
Hanover	2,759,544	196,720	7·1
Westphalia	3,618,090	318,819 Mining 269,711	16·3
Hesse-Nassau ...	2,070,052	145,885	7·0
Rhineland	6,436,337	701,194 Mining 109,198	12·1

From this comparison Silesia has been omitted, inasmuch as the industrial districts of the south of that province counterbalance the agricultural districts elsewhere. In 1895 18·9 per cent. of the population of this province were engaged in industry, and in 1905 its factory and mining population formed 10·1 per cent. of the whole.

In religion there is not the same cleavage between East and West, for although in the centre of the kingdom Roman Catholicism embraces less than 10 per cent. of the inhabitants, both in the extreme West and the extreme East it is the faith of the large majority of the indigenous population, with the result that the Roman Catholics of Prussia form more than a third of the whole population. Taking the provinces individually, the principal confessions were represented as follows at the census of December 1, 1905:—

Provinces with a Protestant Majority—Percentage of Population.

Provinces.	Protestant.	Roman Catholic.	Other Christians.	Jews.
Brandenburg	91·68	6·53	0·61	1·15
Pomerania	95·98	2·98	0·47	0·57
Schleswig-Holstein ...	96·69	2·74	0·32	0·22
Saxony	91·64	7·75	0·33	0·27
East Prussia	84·75	13·70	0·88	0·67
Berlin (Urban Circle)	83·09	10·98	0·94	4·85
Hanover	85·59	13·46	0·37	0·57
Hesse-Nassau ...	68·60	28·30	0·65	2·42

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Provinces with a Roman Catholic Majority—Percentage of Population.

Provinces.	Protestant.	Roman Catholic.	Other Christians.	Jews.
Posen	30·47	67·85	0·15	1·53
Rhineland	29·17	69·48	0·47	0·86
Westphalia	47·91	51·0	0·51	0·57
Silesia	42·90	55·95	0·20	0·95
West Prussia... ...	46·58	51·44	0·99	0·98
Hohenzollern* ...	4·45	94·86	0·00	0·69

This economic differentiation of the two halves of the Prussian monarchy is strikingly reflected in the incidence of population and the distribution of the larger towns. In general the Eastern Provinces are regions of far distances and few inhabitants. Of the 28 "large towns" of Prussia—that is, towns with over 100,000 inhabitants—nine are found in the four Western Provinces, viz., Aix-la-Chapelle, Bochum, Dortmund, Cologne, Düsseldorf, Duisburg, Elberfeld, Essen, and Gelsenkirchen, and only three in the five Eastern Provinces, viz., Posen, Danzig, and Königsberg, of which two are seaports, while the remaining sixteen are scattered and isolated in the North, South, and Centre, like Altona, Breslau, and Berlin respectively. Even of towns with over 10,000 inhabitants the three Eastern Provinces of Posen, West Prussia, and East Prussia, with a combined area of 23,204,272 acres, have only 31, while the three Western Provinces of Rhineland, Westphalia, and Hesse-Nassau, with two-thirds that area, viz., 15,727,545 acres, have 101.

Not only so, but population has for many years increased far more rapidly in the West than the East, as the following figures show:—

Three Western Provinces.

	Increase or Decrease, Per Cent.			
	1890 to 1895.	1895 to 1900.	1900 to 1905.	1867 to 1905.
Rhineland	+ 8·40	+12·80	+11·75	+ 86·27
Westphalia	+11·23	+18·0	+13·50	+111·87
Hesse-Nassau	+ 5·55	+ 8·04	+ 9·07	+ 50·03
Three Eastern Provinces.				
East Prussia...	+ 2·45	− 0·50	+ 1·68	+ 12·28
West Prussia	+ 4·23	+ 4·64	+ 4·99	+ 27·98
Posen...	+ 4·40	+ 3·21	+ 5·27	+ 29·23

* A Government district, formed of the two little principalities Hohenzollern-Hechingen and Hohenzollern-Siegmaringen, with an aggregate population in 1905 of 68,282.

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The disparity is brought out still more clearly when Government districts are compared. Thus, in the East the population of the Government district of Posen is equal to 0·28 inhabitant per acre; that of the Government district of Bromberg to 0·24 person per acre; that of the Government district of Gumbinnen to 0·22 person per acre; that of the Government district of Allenstein to 0·18 person per acre; and that of the Government district of Marienwerder to 0·21 person per acre. On the other hand, in the West the Government district of Düsseldorf has a population of 2·2 persons per acre, and the Government districts of Arnsberg and Cologne have 1·1 person per acre.

While the scantier population of the Eastern Provinces is in the main due to the comparative absence of industries, two secondary causes are the large migration of labour to the iron and coal districts of the West which has taken place during the past twenty years and a relatively high death-rate, for which a high rate of births does not compensate.

The depletion of the rural districts is a growing evil, for it implies the gradual starving of agriculture for want of labour. The East Prussian Chamber of Agriculture recently investigated the whereabouts of children who had left the rural schools of that province in the years 1895 and 1900. The homes of 23,000 children who left school in the former year were traced, and it was found that three-fifths of them had left their native districts and agriculture as well. More than one-quarter had left the province altogether and had found work in the industrial districts of West Germany, while others had gone to the larger towns of the province. Even of those who remained in the smaller places a considerable proportion had entered other occupations. Of the children who left school in 1900 the whereabouts and occupations of 32,000, or 91·7 per cent., were discovered. Two-fifths were found to have become agricultural labourers, one-fifth had migrated to West Germany, and the rest had gone to the towns of the province. The loss to the agriculture of the Province of East Prussia alone by migration in 1900 was estimated at 2,450 families, containing 10,270 young unmarried workers.

Compared with the steady migration from the rural districts, the higher mortality of the East is a minor cause of the growing disparity in population of the two parts of the monarchy, though

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it is otherwise significant. The rate of mortality in the Province of East Prussia was 23·3 per thousand of the population in 1905, against 22·2 per thousand in 1904, and 24·7 per thousand in 1903; in the Province of West Prussia it was 24·4, 22·3, and 23·4 per thousand respectively; and in the Province of Posen it was 23, 21·6, and 23·4 per thousand. On the other hand, the rate in the Province of Rhineland was 19·3 per thousand in 1905, 19·5 in 1904, and 20 in 1903; that in Westphalia 18·6, 20, and 19·6 per thousand respectively; and that in Hesse-Nassau 17·8, 17·6, and 18·6 per thousand. Further, of the twelve Government districts of Prussia with a birth-rate in 1905 exceeding 34·8 per thousand of the population, which was the average for the entire State, five were in the three Eastern Provinces, while of the twenty-seven Government districts with a birth-rate below 34·8 per thousand of the population, only two were in those provinces. On the other hand, five of the ten Government districts in the three Western industrial provinces have a higher birth-rate and five a lower than that of the whole kingdom.

A further fundamental difference between East and West lies in the fact that the Eastern Provinces are overwhelmingly given up to large estates, while the Western Provinces, in so far as an agricultural character belongs to them, are the special home of the small owner and tenant. In 1895 estates exceeding 250 acres in extent accounted for about 24 per cent. of all the cultivable area of Germany, but in Prussia for 31 per cent., and in the Provinces of Pomerania and Posen for no less than 55 and 52 per cent. respectively, while in the Province of West Prussia the percentage was 44, and in that of East Prussia 40. While there were in the Western Provinces in that year 913 "large" estates (of over 250 acres), with an average area of 845 acres, there were 8,365 such estates in the East, with an average area of 1,132 acres. The 2,793 "large" estates in Pomerania had an average area of 1,380 acres. On the other hand, while the three Eastern Provinces, with an aggregate area of 23,204,000 acres, had 73,188 "small" peasant holdings of from 5 to 12½ acres in extent, and 106,524 "medium" holdings of from 12½ to 50 acres, the three Western Provinces, with an area a third less in extent, viz., 15,728,000 acres, had 108,896 "small" holdings and 104,758 holdings of "medium" size.

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The difference lies in the mode of cultivation, arable farming being predominant in the East and grazing in the West. The official enumeration of cattle in December, 1904, showed that there were in the Eastern Provinces of East Prussia, West Prussia, and Posen 41·4, 38·1, and 41·9 cattle respectively per square kilometre of agricultural surface, while the ratios for the three Western Provinces of Rhineland, Westphalia, and Hesse-Nassau were 71·2, 54·5, and 67. The number of pigs per square kilometre was 36·7 in East Prussia, 43·9 in West Prussia, and 43·6 in Posen, and in the three Western Provinces named 37·6, 83·4, and 69·9 respectively.

But, further, the East is the home of the great independent manors, which have left an indelible mark on local government, and have checked to a serious degree the civic and political development of that part of the Prussian monarchy. In the Province of East Prussia there are 2,299 manorial districts, in the Province of West Prussia 1,256, in the Province of Posen 1,881, in the Province of Silesia 3,731, and in the Province of Pomerania 2,419; while in the West there are only 329 in the Province of Hanover, 279 in that of Hesse-Nassau, 24 in that of Westphalia, and none in the Rhine Province.

The effect of the manorial system has been to encourage an almost feudal relationship even down to the present day, in spite of the reforming influence of the Stein-Hardenberg legislation at the beginning of the nineteenth century. Stein himself placed on record his sense of the almost hopeless backwardness and stagnation which had come over the agricultural districts of North-east Germany under the domination of the great autocratic landowners. Writing on April 22, 1802, of a visit to Mecklenburg, he says: "The appearance of the country displeased me as much as the cloudy northern climate; great fields, of which a considerable part lies in pasture and fallow, extremely few people, the whole labouring class under the pressure of serfdom, the fields attached to single farms, seldom well built; in one word, a uniformity, a deadly stillness, a want of life and activity diffused over the whole, which oppressed and soured me greatly. The abode of the Mecklenburg nobleman, who keeps down his peasants instead of improving their condition, strikes me as the lair of a wild beast, who desolates everything around him and surrounds him-

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self with the silence of the grave." When Stein's emancipatory edict of October 9, 1807, was promulgated, securing to the peasants personal liberty and freedom from serfage and servitudes, many of the landowners, who had a monopoly of the official positions, tacitly declined to make it known, and it was only slowly that its provisions leaked out. In Silesia there were disturbances, and the landowners went so far as to call to their aid the French troops still in the province. The Stein-Hardenberg laws did, nevertheless, lift the weight of legal serfage from the peasantry, though the spirit of feudalism has never entirely disappeared, and it is safe to say that it has retarded the great landowners themselves quite as much as the dependent peasantry and labourers under their influence.

Dr. F. Mensel, speaking of Friedrich August Ludwig von Marwitz, one of Stein's most resolute opponents, lauded by the historian Treitschke as a "rough rider" of his time, says: "It is unfair to call him and the majority of his class contemporaries 'Krautjunker' (cabbage squires). The nobility of the Mark stood between the years 1770 and 1820 upon a higher intellectual level than during the succeeding half century." Certainly the "Junkers" have done little to develop the civic and political spirit of the East. It is solely owing to them and to the system of great estates that down to the year 1892 no part of Germany was more backward in local government than the East of Prussia, whose provinces were then still organised on the principles of a law dating from 1856. By the amendment of 1892, which the large landowners in the Prussian Diet strove at every turn to nullify, and voted against as a body on the final reading, important reforms were introduced into local government. The property franchise was retained in local elections, but its exclusive character was taken away. Yet while the right to vote for and be members of local government bodies was given to male residents with an income of £33 per annum, the opponents of the law secured to the communes the right of withholding the franchise from any person not possessed of real estate by the simple device of declining to assess him to taxation. The three-class system of election applies still, as in the rest of Prussia, yet two-thirds of the representatives elected by each group of voters must be residents, and the president and the two grand-jurymen (*Schoffen*) must have been born in the parish.

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The plan of open voting was retained. Throughout the discussion of the Bill the great proprietors strove to preserve their old privileged position in the first instance, and as a second line of defence to strengthen the position of the large peasantry as against the small proprietors.

The most obsolete feature of East Prussian local administration is the system of independent manorial jurisdiction, which still continues on a large scale. As early as 1850 an attempt was made to abolish manorial autonomy throughout the whole of Prussia, but the opposition of the great proprietors compelled the withdrawal of the Government's proposals so far as the Eastern Provinces were concerned. Owing to the same hostility the law of 1892 left most of the manors independent administrative units, so that even now self-government in the modern sense does not exist in these districts. It is characteristic of the spirit of the East that until recently a relic of the old custom of servitudes remained in its local government law, which empowered the council of a rural commune to require its citizens to perform "hand and span" services in connection with the execution of communal works. The aggregate services were estimated in money value, and they were allotted according to the local taxes paid, though, in practice, performance by deputy was usually allowed, or money payment to the communal funds might be made instead.

Many reasons are responsible for the economic and social backwardness of the East of the monarchy. One great disadvantage is the condition of isolation created by the great size of the estates. The owners and cultivators of these estates have for generations been cut off from the thought, the movement, the manifold stimulating influences of the towns. Each has been a little sovereign within his own sphere of influence, accustomed to give orders and not to receive them, with no one to oppose, contradict, or challenge him, and this unhealthy position of social superiority and ascendancy has checked intellectual progress and induced a spirit of stagnation in every department of life. Moreover, Germanism appropriated the old seat of Slav influence between the Vistula and the Elbe within a period comparatively modern as counted in the history of civilisation, and the terrible devastations wrought in the country, first in the Thirty Years' War, then in the Seven Years' War of

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Frederick the Great, and finally by the Russians and French at the beginning of the nineteenth century, successively checked or destroyed the progress that had been slowly and laboriously made.

The defenders of the East also justifiably plead that their climate is inhospitable and their land far less fertile than that of the West. The West has on the whole a comparatively mild winter—the mean temperature in January being from one to two degrees (Celsius) above zero—and a temperate summer; while the East has a severe winter, with a mean temperature in January of from one to five degrees (Celsius) under zero, and a warmer summer. "While in the West," writes Herr Evert, "the average temperature keeps for a long time together below freezing-point only in the hilly regions, even in the coldest months, in the East frost prevails as a rule from the beginning or end of December into March; often, indeed, it begins in November. While thus in the Rhenish lowlands field work can often be continued into December and in part can be resumed in February, East of the Elbe one expects work to be interrupted from November until April or May by frost, snow, and rain. In the extreme North-east the period of vegetation lasts only from four to five months." *

The effect of unfavourable conditions of soil and climate is seen in the less productivity of the country. The average yield of rye per hectare (2½ acres) in the whole of Prussia for the years 1899 to 1906 was about 30 cwts. The yield in the Western Provinces ranged from 32 to 36 cwts., but none of the Eastern Provinces exceeded 28 cwts., the yield of Posen and Silesia, while West Prussia had a yield of 25 cwts., and East Prussia one of 27 cwts. The comparative yield of other crops on the average of the same years was as follows:—

Yield in Cwts. per Hectare.

	Wheat.	Summer Barley.	Oats.	Potatoes.
Prussia as a whole	40	38	34	262½
Germany as a whole ...	38	34½	34	262½
East Prussia...	32	31	30	234
West Prussia	40	37½	31	236
Posen...	35	33½	29½	258
Silesia	35	37	33½	257

* "Der Deutsche Osten," p. 7.

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The yield in the Western Provinces ranged from 37 to 44½ cwts. of wheat, 29 to 37½ cwts. of summer barley, 32½ to 39 cwts. of oats, and 250 to 284½ cwts. of potatoes.

The comparative poverty of the East is illustrated by the fact that the yield of the land tax per hectare of land is on the whole hardly a third that in the West. In the Eastern Provinces there are hundreds of parishes and manors whose corn land does not give a larger net yield of land tax than one shilling per hectare, or one-twentieth the average of the entire State and one-fiftieth that of the more favoured districts of the West. The indebtedness of the large estates is also great. In 1902 it was estimated that the debt of proprietors liable to more than £3 of land tax was on the average of the whole State 26·4 per cent. of their capital, but in six Eastern Provinces it was 37·9 per cent., while in six Western Provinces it was only 17·3 per cent.

"For a long time the East has in economic matters been the community's 'child of care,'" writes Herr Evert. The rest of Prussia knows that to its cost. The East seeks for and obtains a protection which falls to the agriculture of hardly any other European country, yet it does not thrive: the customs duties have to be increased every few years for its benefit, special legislation is passed in its interest which applies to no other German State, yet it suffers from perpetual need.

As between North and South Germany generally, so between West and East Prussia in particular, there is a great gulf fixed in political thought. The agricultural districts East of the Elbe form the stronghold of Prussian Conservatism, the political strength of which is enormously increased by the narrow franchise and the indirect method upon which the national Parliament is elected.

"The Prussian Junker represents the most reactionary class in the world," said a German political leader recently; "so long as a Junkerdom exists in Germany, and is a leading factor in politics, there is no possible hope of progress." The sentiment is not free from party animus, yet there can be no gainsaying the fact that from the beginning of Prussian constitutional life the Junker party has, as a whole, acted as a brake upon every forward movement. The Conservatism, like the Liberalism, of a country like Prussia must inevitably differ both in kind and degree from that of countries of free political institutions, in

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which Conservatism and Liberalism are less the negation than the correctives one of the other. But the Conservatism of the provinces East of the Elbe has a counterpart nowhere else in Western Europe, certainly not in Germany.

The antagonism between the agrarians of the Prussian country districts and the Liberal parties, whose chief strength is in the towns, finds most pointed expression in the perpetual conflict on the subject of parliamentary representation. There has been no alteration in the representation of the old provinces of the kingdom since 1858, or of the new since 1867, though since the latter year the population of Prussia has increased from twenty-four to thirty-eight millions. The original basis of representation in the Lower House of the Diet was one member to every 50,000 inhabitants, which gave an assembly of 433 members. To-day over 86,000 inhabitants fall on an average to one seat, and if that ratio of representation were applied there would be a great transference of seats from the rural to the urban electoral districts. The metropolis alone would have 24 seats instead of nine, and many other large towns would double and treble their representation, while the agricultural districts would lose proportionately. As it is, there is to-day one electoral district with 34,000 inhabitants (Hohenzollern) and another with 323,000 (Kattowitz). Eight and a quarter million inhabitants of the sparsely populated districts elect 161 deputies, and another eight and a quarter millions in the densely populated districts elect only 41. The result of the present unequal representation is that an East Prussian or Pomeranian peasant, who is not allowed by law to form a trade union or hold a public meeting, has many times the representative value of a Berlin professor or a Westphalian merchant prince.

The unchanging preponderance of the East Prussian country party in the Diet has been detrimental to progress in many ways. This party has been behind all the measures which have been passed and proposed both in that assembly and in the Reichstag for the preferential treatment of agriculture at the expense of industry. It has opposed scheme after scheme for extending—even in the West of the monarchy—the system of waterways so essential in a country like Germany, with a small seaboard and a large *Hinterland*, and

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in doing this it has candidly admitted that its purpose has been to prevent the cheapening of inland transport costs, to exclude foreign corn, and to check the advance of industry. When at last its opposition has been withdrawn, as in 1905, it has been because concessions have been given in another direction, and these have generally included the dismissal of an obnoxious Minister.

The same party is antagonistic to progress in education, and fights as vehemently to-day as a generation ago against the urgent need for substituting professional school inspectors for the clerical inspectors who unselfishly, yet in many cases unsuccessfully, devote their time to this difficult work. It is no exaggeration of the Junker's view of primary education to say that if he had his way the instruction of the rural classes of North and East Prussia would not merely be confined to the most rudimentary subjects, but would be mainly directed towards checking ambition, whether intellectual or material, and towards positively unfitting the agricultural labourers' children for a wider life than that in which their fathers have been brought up. The schools and educational arrangements of Prussia are often held up to the world's admiration as denoting the highest level of excellence hitherto achieved in this sphere. In general the praise is fully deserved, and it may be conceded that Prussia's best educational work has not been excelled elsewhere. Yet much of this work is neither excellent nor good. Many of the schools of rural Prussia, as of Mecklenburg, can only be compared with the dame schools which were swept away by the Education Act of 1870, or, better still, with the Irish schools upon which Mr. Matthew Arnold wrote one of his delightfully informal reports. For all the features which Arnold noted in the educational arrangements of rural Ireland forty years ago are present in many of the villages and manors of North Germany to-day—under-staffed classes, inferior, tumble-down buildings, deserving yet ill-paid teachers, penurious managers who grudge the cost of the scholars' most meagre intellectual equipment and administer enlightenment on homœopathic principles. For this the Government cannot be blamed; it does its best for such schools, and would do better if there were any effective force behind it, but such a force is lacking: for the deputies who represent Prussia east of the Elbe in

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the Diet are contented that things should remain as they are. It was his conviction that the Conservatism of rural Prussia is fair neither to the country nor to itself that led Prince Bulow recently to urge the country deputies to "put their blinkers off" and look fairly at the course of national events and the hard facts of life.

If, however, the large proprietors of the East are in general characterised by a total lack of appreciation of modern ways and a marked imperviousness to the political movements of the times, many of them play an invaluable part in the life of the country, as administrators, as pioneers in progressive agriculture, and within a narrow sphere as disseminators of the newer thoughts and impulses current in the West. Their influence is a leaven, slow, indeed, of action, yet it will achieve its work in the end. It is no paradox to say that nothing would contribute more effectually towards the healthy development of the rural East than the shattering of that bulwark of political privilege upon which it most relies for security. For half the deficiencies of the landed interest are due to its isolation, and one of the causes of this isolation is its privileged political position. Deprived of that enervating advantage, and compelled to fight in fair and equal contest for whatever influence it could lawfully assert, its moral power would be increased and its economic life invigorated.

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CHAPTER III

THE EPOCH OF INDUSTRY

Economic influence of the French War and the establishment of the Empire—Increase of the "large" towns—The ratio of urban to rural population at various dates—Geographical incidence of the growth of population in recent years—The migration to the industrial districts—Comparison of occupation censuses—Classification of industrial workpeople in 1905—Development of the coal, iron, and engineering industries since 1871—The shipbuilding industry—The electrical industry—The textile trades—The tendency towards industrial concentration—The position of the handicrafts and the home industries—State efforts to encourage the rural industries.

GERMANY'S rush forward as an industrial and mercantile country may, for practical purposes, be dated from the successful issue of the war with France in 1871. That event, concurrently with the establishment of the Empire, gave to the nation new life, both politically and commercially. For the first time the Germans, as a nation, became conscious of collective power and of the great possibilities which this power placed within their reach. A new youth—that unspeakable gift which the gods so rarely bestow upon mortals—was given to them, and with all youth's energy and ardour and audacity they plunged at once into a bold competition with neighbours of whom they had hitherto stood in a certain awe, and who, in truth, for their part, had barely taken their young rival seriously. The losses in the war, by wounds and disease, had severely drained the manhood of the country; but nature speedily made good the hurt, and history repeated the teaching which Malthus put into the formula: "Wars do not depopulate much while industry remains in vigour."

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Before the life-and-death contest with France, for which the Austrian campaign had been a well-considered preparation, Germany had laid the foundations of an economic career; and that contest fought to its victorious close, the nation at once applied itself assiduously to the realisation of its ambition to win new laurels on the battlefields of industry.

Material enterprise of every kind was fertilised by the capital which now became loosened, and sought new and larger channels of employment. Everywhere a restless spirit of adventure asserted itself. Old cities and towns, which had rusticated for half a century, sprang forward, as though a vast accumulated momentum had suddenly been released, and increased enormously in population and wealth.

In 1871 Germany had eight "large" towns of over 100,000 inhabitants; in 1880 the number was 14; in 1890 there were 26 such towns, yet only seven whose population exceeded a quarter of a million; in 1895 the number of "large" towns increased to 30, in 1900 it was 33, and in 1905 there were 41 towns with over 100,000 inhabitants, of which 11 had over 250,000 inhabitants and five had over half a million. In the United Kingdom there were, in 1901, 39 towns with a population exceeding 100,000, of which ten had over 250,000 inhabitants and two had over half a million.

Of Germany's "large" towns the metropolis has most increased since expansion became the universal rule. A hundred years ago Berlin was an insignificant town of some 160,000 inhabitants. Half a century later its population had not reached 300,000, and when the Empire was established in 1871 it had only just turned 800,000. From that time its growth was rapid. In 1875 the population was 968,600, and two years later the heart of the Berliner swelled with pride when his town became a "million town." By 1880 the population had reached 1,150,000, in 1885 it had grown to 1,315,000, in 1890 to 1,578,000, in 1895 to 1,773,000, and in 1905 it was 2,040,000, the increase in ten years having been 21·6 per cent.

The effect upon the value of land has been magical, but also, from the standpoint of the poorer inhabitants, deplorable. Rents both in and around the city have become higher than in any other part of Germany, and they have created a housing problem which becomes more acute every year.

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This growth of the large towns merely symptomises a revolution which has entirely changed the ratio of urban to rural population. Heinrich Sohnrey has estimated that the population of the Empire has fallen at various periods from 1871 forward to towns and rural districts in the following percentages :—

Distribution of the Population.

	1871.	1880.	1890.	1895.	1900.
Residents in "Large" Towns (of over 100,000 inhabitants)	4·8	7·2	11·4	13·5	16·18
"Medium" Towns (20,000 to 100,000 inhabitants)	7·7	8·9	9·3	10·5	12·62
"Small" Towns (5,000 to 20,000 inhabitants)	11·2	12·6	11·5	13·6	13·46
Town Population ...	23·7	28·7	32·2	37·6	42·26
Rural Towns (2,000 to 5,000 inhabitants)	12·4	12·7	10·3	12·2	12·09
Rural Communes (under 2,000 inhabitants)	63·9	58·6	57·5	50·2	45·65
Rural Population ...	76·3	71·3	67·8	62·4	57·74

Thus, during a period of thirty years, the population of the "large" towns increased to the extent of 11·38 per cent. of the whole, that of the "medium" towns to the extent of 4·92 per cent., that of the "small" towns to the extent of 2·26 per cent., making the entire "town" population 18·56 per cent. larger than before; while, on the other hand, the "rural towns," which constitute a sort of neutral borderland between town and country, remained nearly stationary, and the purely rural population decreased to the extent of 18·25 per cent. The total population of the 3,360 urban communes in 1900 was 30,633,075, and that of the 73,599 rural communes was 25,734,103. The present increase of population, which amounts to over 800,000 per annum, in the main swells the towns, while the rural districts are declining relatively and in part absolutely.

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The great growth of population which has fallen to the past half century has naturally taken place in the States and provinces which have, during that period, developed the greatest industry. In 1855 the States which now form the German Empire had a population of 36,114,000, in 1905 their population was 60,641,000, showing an average annual increase of 1·04 per cent., against 0·96 per cent. during the years 1816 to 1855. When the States are taken separately, however, great disparity will be seen. Thus the population of States with large industries has grown as follows :—

States.	Population in		Increase.	Annual Increase Per Cent.
	1855.	1905.		
Prussia	21,320,000	37,293,000	15,973,000	1·12
Saxony	2,039,000	4,509,000	2,470,000	1·60
Anhalt	168,000	328,000	160,000	1·34
Brunswick	270,000	486,000	216,000	1·19
Bremen	89,000	263,000	174,000	2·20
Hamburg	244,000	875,000	631,000	2·58

On the other hand, the population of the States of a decidedly agricultural stamp has grown far less rapidly :—

States.	Population in		Increase.	Annual Increase Per Cent.
	1855.	1905.		
Bavaria	4,508,000	6,524,000	2,016,000	0·74
Wurtemberg	1,670,000	2,302,000	632,000	0·64
Mecklenburg-Schwerin ...	541,000	625,000	74,000	0·29
Mecklenburg-Strelitz ...	99,000	103,000	4,000	0·08

The difference is seen still more plainly if the provinces of Prussia be divided into those of a predominantly industrial and those of a predominantly agricultural character :—

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Provinces.	Population in		Increase.	Annual Increase Per Cent.
	1855.	1905.		
Industrial (predominantly).				
Brandenburg	1,793,000	3,532,000	1,739,000	1·36
Westphalia	1,527,000	3,618,000	2,091,000	1·74
Rhineland...	3,007,000	6,436,000	3,429,000	1·53
Berlin	461,000	2,040,000	1,579,000	3·02
Agricultural (predominantly).				
East and West Prussia ...	2,637,000	3,672,000	1,035,000	0·66
Pomerania	1,289,000	1,684,000	395,000	0·53
Posen	1,393,000	1,987,000	594,000	0·71

Silesia and Schleswig-Holstein, though on the whole agricultural provinces, are here disregarded, since the one has in the south a large mining and industrial district and the population of the other is largely increased by the towns of Altona and Kiel, which alone had in 1905 23 per cent. of the total population of the province.

Prussia has also had for many years a large excess of immigrants over emigrants, and here, too, the towns and industrial districts have alone gained. Until 1865 Prussia was not able to retain its natural yearly increment of population, for every year a considerable number of inhabitants left the country in excess of those who came from other States. During recent years the reverse has been the case. Between 1895 and 1900 43,222 persons more entered Prussia from other German States and from abroad than left it, and between 1900 and 1905 96,645 more.

A gain of population by immigration has not, however, fallen to all the provinces. Between the years 1840 and 1905 the province of East Prussia lost no fewer than 633,500 inhabitants by excess of emigration over immigration, the province of West Prussia lost 513,800, that of Pomerania lost 668,900, that of Posen lost 790,300, and that of Silesia lost 599,100. Even the kingdom of Bavaria lost 699,200 owing to the same cause, and the kingdom of Wurtemberg lost 585,800. On the other hand the city of Berlin gained during this period over a million inhabitants by migration, Hamburg gained 402,000, the province of West-

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phalia gained 246,100, the province of Rhineland 343,000, and the kingdom of Saxony 326,200.

The following was the effect of this interchange of population during the past six quinquennial periods in four of the agricultural and four of the industrial provinces of Prussia :—

AVERAGE YEARLY INCREASE (+) OR DECREASE (−) PER 1,000 OF MEAN POPULATION OWING TO MIGRATION.

	1875–1880.	1880–1885.	1885–1890.	1890–1895.	1895–1900.	1900–1905.
Agricultural Provinces.						
East Prussia ...	−3·31	− 8·10	−13·45	− 8·84	−14·65	−8·81
West Prussia ...	−6·71	−14·13	−13·86	− 9·24	− 9·15	−8·40
Pomerania ...	−5·25	−17·28	−12·07	− 7·04	− 6·85	−7·51
Posen	−6·09	−13·31	−13·76	−10·08	−13·77	−9·55
Industrial Provinces.						
Westphalia ...	−2·16	− 0·01	+ 3·22	+ 2·79	+12·09	+3·07
Rhineland ...	−1·32	− 0·71	+ 2·07	+ 0·73	+ 6·69	+3·99
Hesse-Nassau ...	−1·16	− 4·82	− 0·95	− 0·85	+ 1·25	+3·26

During the five years 1895 to 1900 nine Prussian provinces lost by migration more than they gained by immigration. The province of Brandenburg and the metropolis gained by immigration during this period 233,980 inhabitants, and the provinces of Westphalia, Hesse-Nassau, and Rhineland gained together 371,150, while the provinces of East and West Prussia, Pomerania, Posen, and Silesia lost together 472,649. Almost the whole of this migration from the East of the monarchy was directed to the industrial and mining districts of the West and to the province of Brandenburg, including Berlin.

It would seem, however, that within Prussia the towns are now no longer increasing to the former extent owing to immigration. While during the period 1895 to 1900 the excess of immigration over migration in the "large" towns was 426,747, equal to 8·5 per cent., these same towns only had an increase from this cause of 282,230, or 4·8 per cent., during the following five years, though their number grew in the interval from 22 to 28. The migration during 1895–1900 actually exceeded the immigration in one "large" town, Crefeld, and also in ten of the 76 urban circles, though some of these districts had im-

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portant industries. During the following five years, 1900 to 1905, 16 urban circles in Prussia had a larger migration than immigration.

Yet a part of this loss to the larger towns is more apparent than real. For it is found that where the movement to these towns has received a check, the rural districts in the neighbourhood have rapidly increased, owing to the improvement of traffic facilities and the tendency to remove industrial undertakings into the open country. For the present these extra-urban areas are independent, but eventually many of them will no doubt be incorporated without necessary alteration of their rural character. At the census of 1900 Prussia had 489 rural circles, and 73 of them reported an excess of immigration over migration, the aggregate increase being 485,509, while during the following five years the number of circles which grew from this cause was 80, and their total excess of immigration was 430,055, or 55,454 less than during the preceding quinquennium. Many of these rural circles had old industries of their own, but in the main their expansion was a result of the overflowing of the large adjacent towns.

Where an excess of migration took place it was in the main confined to the East of the kingdom, a central district in the march of Brandenburg, portions of North-west Silesia, and the agricultural districts of the West and North-west.

Still more significant evidence of the economic transition through which Germany is passing, changing the centre of gravity from the country to the towns, is furnished by the occupation censuses of 1882 and 1895.*

It is estimated that in 1843 the population engaged in agriculture, forestry, gardening, and fishing formed 61 per cent. of all persons earning a livelihood. When the first great occupation census was taken in 1882 it was found that the proportion had fallen to 43·4 per cent., and at the next occupation census of 1895 a further decline was found to have taken place to 37·5 per cent. The percentage of the entire population actually dependent on agriculture, &c. (dependents being here included), declined between 1882 and 1895 from 42·5 to 35·7 per cent. On the other hand the occupation

* At the time of writing, the results of the Occupation Census of July, 1907, are not available.

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census of 1882 showed that 33·7 per cent. of all persons earning a livelihood were engaged in industry and mining, and that of 1895 showed a percentage of 37·4; while during the same period the percentage engaged in trade and transport increased from 8·3 to 10·6. Thus, while between these two enumerations the share of agriculture in the "earning" section of the population decreased by 5·9 of the whole, the share of industry increased by 3·7 per cent., and that of industry and commerce together by 6 per cent.

Even numerically, in spite of the growth of population, agriculture only just maintained its position. In 1882, agriculture, forestry, and fishery employed 8,236,496 persons in the whole of Germany, in 1895, 8,292,692, an increase of 56,206, or 0·7 per cent. During the same period the number of persons employed in industry and mining increased from 6,396,465 to 8,281,220, an increase of 1,884,755, or 29·5 per cent., and those engaged in trade and transport increased from 1,570,318 to 2,338,511, an increase of 768,193, equal to 48·9 per cent.

In Prussia alone, during the two occupation censuses of 1882 and 1895, the percentage of the population identified with industry increased from 34·4 to 38·7 per cent., and that identified with trade and commerce from 10·0 to 11·4 per cent.

The following were the numbers of persons engaged in the more important industries and trades at three enumerations of occupations:—

Trades and Industries.	1875.	1882.	1895.
Building	Unknown	947,000	1,354,000
Cotton	291,000	211,000	255,000
Woollen and Worsted	194,000	197,000	262,000
Flax and Linen	200,000	138,000	106,000
Silk	77,000	91,000	70,000
Mining	283,000	321,000	430,000
Iron and Steel	732,000	808,000	1,115,000
Leather	490,000	542,000	555,000
Paper	46,000	58,000	85,000
Glass	36,000	39,000	58,000
Brick, Tile, and Pottery ...	145,000	227,000	307,000
Chemical	41,000	57,000	97,000

Until the appearance of the results of the occupation census taken throughout the Empire in the summer of 1907, the only

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official statistics of the industrial population of recent date are those relating to workpeople employed in undertakings liable to control by the factory inspectors—in the main the employees in factories and workshops, most of the handicrafts and the building trades being therefore excluded. These workpeople in 1905 numbered 5,607,657, made up of 4,173,522 adult males (74·4 per cent. of the whole), 1,041,626 adult females, *i.e.*, above 16 years (18·6 per cent.), 382,264 juveniles, *i.e.*, from 14 to 16 years (6·8 per cent.), and 10,245 children under 14 years (0·2 per cent.). The total numbers of male and female workers were as follows:—

	Males.	Females.	Total.
Adults	4,173,522	1,041,626	5,215,148
Juveniles	246,591	135,673	382,264
Children	5,771	4,474	10,245
	4,425,884	1,181,773	5,607,657

These workpeople fell into the following groups of industries:—

Mining, Smelting, and Salt Works	914,968
Industries of Stones and Earths	628,372
Metal Working	497,101
Machine Industries	789,573
Textile	827,066
Wood	342,007
Food, Drinks, Tobacco, &c.	551,514
Clothing and Cleaning	326,059
Paper, &c.	156,522
Polygraphic (Printing, &c.)	155,310
Chemical Industries	127,246
Building (Wood) Yards, &c.	125,997
Leather	87,474
Oil, Fat, Illuminants, &c.	66,271
Miscellaneous	12,177
	5,607,657

Of these workpeople 3,428,004 belonged to Prussia, 646,219 to Saxony, 429,426 to Bavaria, 209,843 to Baden, 195,972 to Wurtemberg, 219,501 to Alsace-Lorraine, and 94,715 to Hesse.

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The more important groups were most largely represented in the following States :—

	Prussia.	Bavaria.	Saxony.	Wurtemberg.	Baden.	Alsace-Lorraine.
Mining ...	796,268	—	37,240	—	—	39,136
Stones and Earths ...	382,020	77,127	53,568	—	—	21,154
Metal-working	619,580	38,864	42,067	24,250	30,275	—
Machinery ...	471,577	55,592	90,542	39,795	33,389	18,797
Chemical ...	78,743	18,177	5,832	—	4,639	4,065
Textile ...	361,557	54,799	214,140	42,957	32,019	70,799
Paper ...	76,289	14,106	34,327	—	—	—
Wood ...	193,666	38,094	37,745	15,107	12,657	—
Food, Drinks, Tobacco, &c.	320,912	46,001	86,150	18,658	47,381	—
Clothing ...	190,868	30,201	47,008	15,163	—	—

The total number of factories and workshops was 226,565.

Dr. C. Wenzel, the Secretary of the Association for the Protection of the Chemical Industry, estimated, in a paper read before that association, that the wages of German industry, together with the transport trades (but excluding the post, telegraph, and railway services) amounted in 1906 to the large total of £375,000,000, showing an increase as compared with 1905 of £34,000,000, or 9·9 per cent., comparing with an increase of 4·9 per cent. in the number of workpeople. This wages bill, however, takes no account of workpeople who were not employed in factories and workshops subject to the control of the factory inspectors.

One may be helped to realise the advance which Germany has made in industry and commerce by comparing, so far as statistical data are available, the output in certain great branches of production at the present time with that of thirty or forty years ago.

The Coal Mining Industry.

Perhaps the most striking progress has been made by the mineral and metal industries. The principal coalfields are those of the Ruhr, in Westphalia ; the Saar, lying below Trier, between the Rhine and the French frontier ; Upper and Lower Silesia, and Saxony (Zwickau) ; while lignite is mined on the Oder, on

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the Saale, and in Lusatia. The great movement of this industry began with the general industrial expansion which followed the French War. In 1862 the entire coal output of the German States and Luxemburg was 15,570,000 metric tons*; in 1872 it was 33,306,000 tons. The output of the first five years after the war is compared with that of a similar period thirty years later:—

	Metric tons.		Metric tons
1871	29,398,000	1901	108,939,000
1872	33,306,000	1902	107,473,000
1873	36,392,000	1903	116,637,000
1874	35,919,000	1904	120,815,000
1875	37,436,000	1905	121,298,000

The output of 1906, owing to the flourishing condition of industry, reached the abnormal amount of 136,489,000 tons of coal and 56,235,000 tons of lignite, with 20,260,000 tons of coke, nearly all the latter being produced in Prussia.

In this State the coal industry has multiplied sixfold during the past forty years. The coal production of Prussia in 1852 was 5,150,000 metric tons, and by 1865 it had increased to 18,590,000 tons. After the war it increased as follows: 1871, 25,950,000 tons; 1872, 29,500,000 tons; 1873, 32,350,000 tons; 1874, 31,930,000 tons; 1875, 33,410,000 tons. From that time the increase was still more rapid, until in 1906 it stood at 128,300,000 tons, an increase of 590 per cent. since 1865; the number of workmen employed had meantime increased from 89,152 to 467,625, an increase of 423 per cent.; and the value of the coal produced from £4,955,000 to £55,780,000, an increase of 1025 per cent.

The various State mines in Prussia produce about 14 per cent. of the total output, though new pits are about to be sunk at a cost of several million pounds, which will materially increase that proportion.

Of Germany's coal production, the Westphalian mines alone yield more than one half, and those of Silesia more than one quarter, while Prussia's entire share exceeds 90 per cent.

The great centre of the coal industry is Dortmund, whose

* The data contained in the following pages are in the main taken from German official publications. Quantities are given, unless otherwise stated, in metric tons (0·985 English ton) of 20 centners (110·23 English lbs.), and the mark is, for convenience, taken as the equivalent of a shilling.

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growth is yet of comparatively modern date. In 1792 the 154 small coal mines which existed in the present Dortmund official mining district employed together only 1,357 men, and their output was 176,670 tons. In 1880 there were 202 mines with 80,152 men and an output of 22,495,204 tons; in 1900 the number of collieries was only 167, but that of the miners was 226,902, and the output was 59,618,000 tons; and in 1906 the collieries numbered 175, the miners 278,719, and the output was 76,811,054 tons, to which must be added 15,500,000 tons of coke and 1,213,000 tons of briquettes. In 1792 the production per man was 130 tons, it is now 250 tons; the value of the output was then £25 per head, it is now £130. A hundred years ago the mines had on an average nine men each; to-day there are 52 collieries with over 2,000 men, 23 have an average of 4,200, five have over 5,000 men, and one has over 8,000.

The law of diminishing returns does not as yet trouble the German colliery industry. Technical improvements and more intensive exploitation of the mines have increased the output and have reduced the costs of production, and the return on capital is to-day larger than ever. It is at the same time a question to what extent the higher prices and profits are due to the syndicating of the industry and represent monopoly gains. The Rhenish-Westphalian Coal Syndicate controls more than half the total production of the country. In 1906 it embraced 87 collieries or companies, and the allotted output was 76,275,000 tons of coal, 12,258,000 tons of coke, and 2,830,000 tons of briquettes. The largest individual shares fell to the Gelsenkirchen Mining Company with 7,698,000 tons of coal and 1,295,000 tons of coke, the Harpen Mining Company with 7,240,000 tons of coal and 1,550,000 tons of coke, and the Hibernia Company with 5,416,000 tons of coal and 812,000 tons of coke. Of the syndicate's total output of coal and coke, these three companies furnished 27 per cent.

As showing the dependence of the coal trade upon other industries, it may be stated that the Coal Syndicate estimated in 1905 that about 70 per cent. of its total output was used directly for industrial purposes. The following percentages fell to the principal industries in that year and 1903:—

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Industries.	1905.	1903.
Smelting Works and making of Iron and Steel	26·70	23·60
Iron and Steel Manufacture	8·95	7·51
Metal Working other than above	1·0	0·61
Machine, Instrument, and Apparatus Works	2·18	4·08
Electrical Industry	1·03	1·08
Coal, Coke, and Briquette production	6·56	5·74
Production of Ores	0·61	0·53
Metal Smelting Works other than Iron	0·69	0·92
Salt production	0·40	0·53
Stone and Earth industry	4·70	5·89
Glass	0·83	1·26
Chemical	3·29	3·91
Gas	3·40	3·65
Textile	3·16	4·23
Paper and Printing	1·25	1·26
Brewing and Distilling...	1·28	1·82
Food and Luxuries	1·10	1·21
Leather and Rubber	0·34	0·50
Wood	0·19	0·22
Sugar and Starch	0·91	1·02
Water Works, &c.	0·47	0·62

In addition 15 per cent. was, in 1905, used for domestic purposes, the railways and tramways used 10·67 per cent., the shipping trade 4·66 per cent., and the navy 0·66 per cent.

Germany still imports some nine million tons of coal, but twice this amount is exported. The greater part of the imported coal comes from Great Britain, and is supplied to seaport towns, though many inland towns receive it by river way. The Westphalian Syndicate is doing its best by judicious underselling to capture the English trade, but its efforts do not seem to commend themselves to the other industries. "Opinion," wrote a Berlin commercial journal recently, "is very divided as to whether it is to the interest of Germany to try to exclude English coal. It is pointed out that the import of this is largely, and, indeed, mainly, carried in German bottoms. The restriction of the trade would therefore injure German shipping, and do away with facilities for the transport of German industrial products to England." It would, however, be unsafe to base on this argument any expectation that the Coal Syndicate will relax its efforts to drive English coal out of the market.

The Iron and Other Mining Industries.

The development of the iron trade has been even more remarkable. The production of iron ore in all Germany with

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Luxemburg in 1862 was only 2,215,000 metric tons. By 1872 it had increased to 5,896,000 tons. Then the iron industry for a time declined, owing to the foreign competition in pig-iron, facilitated by the low duties, whose entire repeal was enacted in 1875; the production in 1876 was only 4,712,000 tons. After 1880 there was a revival, and steady and almost unbroken progress has continued until the present time, when the output of iron ore is four times that of thirty years ago, though the imports have in the meantime increased until they double the exports. The home production of iron ore (including Luxemburg) was as follows in the years compared:—

	Metric tons.		Metric tons.
1872	5,896,000	1902	17,963,600
1873	6,177,000	1903	21,230,700
1874	5,137,000	1904	22,047,400
1875	4,730,000	1905	23,444,100
1876	4,712,000	1906	26,734,600

Further, while 32,130 men were on an average employed in the principal iron ore mines in 1886, the number in 1905 was 43,700.

The output of other minerals in 1905 comprised: of copper ore 793,500 tons, against 495,800 tons in 1886; of zinc ore 731,300 tons, against 705,200 tons in 1886; while the production of lead ore has remained stationary and was in 1905 152,700 tons. The imports of all these minerals greatly exceed the exports.

Potash salt mining has only become a great industry during the past twenty years. In 1886 there was an output of 945,300 metric tons, valued at £563,700, but in 1905 one of 50,435,000 tons, valued at £3,014,500. These mines employed in 1905 nearly four times as many workpeople as twenty years ago.

The following were the workpeople employed on an average in 1882 and 1905 in the various mining industries:

Mining Industry.	1882.	1905.
Coal	195,958	493,308
Lignite	25,546	54,969
Rock salt	767	1,073
Iron ore	38,783	43,706
Potash salts	3,538	17,108
Zinc ores	12,781	16,420
Lead ores	20,328	11,292
Copper ores	12,977	17,539
Silver and Gold ores	6,253	1,738
All mining products	320,662	661,310

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The Iron and Steel Industries.

The development of the iron and steel industries has followed similar lines, being both checked and encouraged by the same causes. The number of persons (employers and workpeople) engaged in the iron and steel industries and manufactures of these metals, including shipbuilding, increased between the years 1875 and 1895 as follows:—

	1875.	1895.
Pig Iron and Steel making	112,068	122,325
Engineering, Machine making, and Shipbuilding ...	429,100	676,997
Miscellaneous Iron and Steel working industries ...	191,214	315,184
Total	732,382	1,114,506

The production of the blast-furnaces of Prussia in 1852 was 160,000 tons; in 1875 it was 1,395,000 tons, though there was a temporary fall from 1,570,000 tons in 1873; and the production in all Germany increased from 685,000 tons in 1862 to 2,025,000 tons in 1875. The duties were then repealed and the large imports of English pig-iron handicapped the struggling young industry. Between the years 1869 and 1879 the number of iron works had decreased by nearly one half. In the latter year the number of workpeople employed in the smelting industry was only 60 per cent. that of 1873. Since 1880 the progress made has been continuous, and in fifteen years the production had doubled. In 1882 the pig-iron production of the world amounted to 21,000,000 metric tons, of which 8,600,000 tons fell to Great Britain, 4,600,000 tons to the United States, 3,400,000 tons to Germany with Luxemburg, and 2,000,000 tons to France. In 1890 the United States took the first place, and in 1903 Great Britain fell back again in favour of Germany, which has held the second place since. In 1876 there were in Germany 225 furnaces in blast, 210 being blown out; in 1886 there were 215 in blast and 70 blown out, and for the six years 1900–1905 the numbers were: 1900, 274 and 24;

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1901, 263 and 46; 1902, 241 and 48; 1903, 254 and 39; 1904, 254 and 43; 1905, 277 and 31; but it should be borne in mind that the modern furnaces are capable of a much larger production than those of twenty or even ten years ago. The amount of pig-iron produced at intervals of thirty years in the Empire and Luxemburg was as follows:—

	Metric tons.		Metric tons.
1871	1,421,000	1901	7,880,100
1872	1,983,000	1902	8,529,900
1873	1,660,000	1903	10,017,900
1874	1,759,000	1904	10,058,300
1875	1,615,000	1905	10,875,100

The number of men employed on the average in the principal works was in 1886 21,470, and in 1905 38,458, while the value of the output increased from £7,113,000 to £28,936,000.

Germany's entire production of pig-iron in 1907 was 13,045,760 metric tons, of which 2,259,410 tons were foundry pig, 471,350 Bessemer, 8,494,220 Thomas, 1,034,650 tons steel and spiegel iron, and 786,110 puddling pig. Of this output 5,446,124 tons, or 41·7 per cent., were produced in Rhineland-Westphalia, 3,989,922 tons, or 30·6 per cent., in Lorraine and Luxemburg, 950,446 tons, or 7·3 per cent., in the Saar district, 938,658 tons, or 7·2 per cent., in Silesia, and 889,906 tons, or 6·8 per cent., in Siegerland, the Lahn district, and Hesse-Nassau.

The larger part of this increased production has been needed for home consumption. While the consumption of pig-iron was 113 lb. per head of the population on the average of the years 1876–1880, it increased to an average of 220 lb. during the years 1891–1895, to 356 lb. in 1900, and to 382 lb. in 1905. Down to 1901 Germany continued to import more pig-iron than it exported; since then the exports have averaged 200,000 tons more than the imports, except in 1907, when 170,000 tons more were imported than exported. While 7,213,000 tons of pig-iron were consumed at home in 1896, the amount consumed in 1907 was 13,296,000 tons.

Thirty years ago Germany's production of steel was barely half a million tons annually. It now exceeds twelve million tons, and has since 1895 increased fourfold, as the following figures show:—

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	Metric tons.		Metric tons.
1895	2,830,468	1902	7,780,682
1896	3,462,736	1903	8,801,515
1897	3,863,469	1904	8,930,291
1898	4,352,831	1905	10,066,553
1899	4,791,022	1906	11,307,807
1900	6,645,869	1907	12,063,632
1901	6,394,222		

The following has been the consumption per head of the population of various minerals and metals at different periods during the past thirty years:—

Consumption per Head of Various Minerals and Metals.

	Average of 1876-1880.	Average of 1891-1895.	1896.	1900.	1905.
	Kilog.	Kilog.	Kilog.	Kilog.	Kilog.
Coal...	850	1,374	1,502	1,744	1,859
Lignite	320	566	650	860	998
Pig Iron	51·4	100·2	123·5	161·8	173·6
Zinc...	1·2	1·9	2·1	2·3	2·6
Lead	1·0	1·9	2·3	3·1	3·3
Copper	0.5	1·0	1·5	1·9	2·1

The Shipbuilding Industry.

One of the industries of special interest to the United Kingdom which has of late years made rapid progress is the shipbuilding industry. Every year this industry becomes more independent of foreign material. A recent report of the Imperial Statistical Office on the imports of the year testifies to this. Under the Customs Tariff Law materials used in the "construction, improvement, and equipment" of sea-going ships, inclusive also of the ordinary ship utensils, have always been admitted free of duty subject to regulations issued from time to time by the Federal Council. Calling attention to the decreasing imports of such materials, so far as relates to iron and steel, the Statistical Office explained that this was not due to a smaller demand on the part of German shipbuilding yards, but to the fact that their demand was "increasingly covered by German iron." "This iron, and particularly raw ship plates," it added, "more and more supersedes foreign and especially English shipbuilding iron, because of the lower prices and lower railway rates." Yet up to twenty or thirty years ago the accepted maxim was that nowhere else save in

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England could good ships be built, and that England could not build bad ones. The yards of the Tyne and Clyde ruled the shipbuilding industry, and when German ships of large tonnage were first commissioned in home yards, it was with fear and trembling, as much on the ground of unproved capacity as of doubtful financial resource. The North German Lloyd, which was established in Bremen in 1857, bought in England and Scotland the steamships with which it began regular sailings to the United States. One of the oldest North Sea yards, the Vulcan, of Stettin, which was developed from a smaller undertaking in 1857, kept itself alive for a long time by locomotive building. When in 1887 it received a contract for its first large ocean liner, the commission was regarded as a daring experiment, and several banks had to undertake a financial guarantee for the execution of the work, which, nevertheless, proved entirely satisfactory, and gave the Vulcan its start on a career of great prosperity.

To-day Germany not merely builds the greater part of its own ships, but it builds largely for other countries. During 1906 there were built in German private yards 757 ships (against 645 in 1905 and 534 in 1904) with a tonnage of 390,991 (against 308,361 in 1905 and 260,711 in 1904). Of these vessels, 8 were ships of war, 623 merchant ships, and 87 vessels for river navigation, and there were built for foreign countries 2 ships of war, 105 merchant ships, and 87 vessels for river navigation. During the same year foreign yards built for Germany 119 vessels with a tonnage of 122,845 (against 90 vessels with a tonnage of 92,589 in 1905), 113 vessels (84 in 1905) being merchantmen. The result was that the German merchant marine was during the year increased by 631 vessels, with a registered tonnage of 450,256, the largest increase ever known. Thirty years ago Admiral Stosch, then Naval Minister, showed clear prescience when he said, "Without a German shipbuilding industry a German navy is inconceivable." While, however, it is true that the development of the shipbuilding industry has greatly stimulated the movement for a stronger navy, the shipbuilders have had their reward. When in 1906 the Navy League interrogated the private yards of the North and Baltic ports as to their building capacity, they were assured that the six largest yards were able to

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supply together fifteen vessels of war yearly and would be delighted to do it.

The Electrical Industry.

The electrical industry has also developed at giant's pace during the past decade. In 1894 the number of electrical works in Germany was 148; in 1904 there were 1028 works, distributed in 993 towns, with 163 more building. It is an industry in which there has been comparatively little syndicating, yet by the aid of unlimited capital and repeated amalgamations the greater part of the industry has gradually come into the hands of a small group of powerful companies, one of which has a capital of five million pounds and loans and reserves of four millions, while its employees numbered 34,000 in 1906, and another has a capital of two and three-quarter million pounds and loans and reserves of nearly two millions. Up to twenty years ago, when the industry was in its infancy, only one firm, that of Siemens and Halske, of Berlin, seriously counted. The electrification of tramways, which began on a large scale shortly afterwards, led to the establishment of many undertakings, some of which soon became powerful rivals, and in 1900 there were at least seven distinct groups. The depression which then set in pointed to further amalgamation as the only means of staving off catastrophe in several cases, and that process has continued since.

The growth of this industry, or more truly of the large companies, has been due in great measure to the policy of establishing or otherwise financing, with the aid of banks, companies for the construction and working of tramway and light railway schemes in the large towns and their neighbourhood. Hence it is that several of these mammoth companies have ramifications in all parts of the country, insomuch that wherever electrical traction or power enterprise exists on a large scale it is almost certain that one or other of the undertakings in the well-known electrical group will be in or behind, below or above, it. One of the largest of these companies, which owns a series of works for the manufacture of electrical machinery, plant, rolling stock, cables, &c., and supplies electrical power to municipalities, has constructed no fewer than 130 lines of all kinds, with an aggregate length of nearly 3,500 miles, and has installed nearly 700 generating stations, with over 800,000 horse-

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power. It controls over thirty subsidiary companies for the furtherance of its trade at home and abroad. The principal electrical works have their seats in Prussia—for though one powerful undertaking exists in Bavaria it is closely allied to a Berlin company—and in the year 1905 there were in that State alone 75 companies, with a capital together of twenty-two and a half million pounds, loans of all kinds of over forty-three millions, and reserves of twelve and a half millions.

The Textile Trades.

There has been a similar expansion in the textile trades, though the mere figures of persons employed would be misleading unless allowance were made for the altered conditions of production, which have operated in Germany as in this country—larger looms, improved machinery of all kinds, speeding up, and other contrivances for increasing production, and not least the raising of the factory age for children. In 1875 it was estimated that 762,000 persons (employers and workpeople) were engaged in the whole of the textile trades; in 1882 the number was 637,000 and in 1895 it was 693,000. The ratio per 1,000 of the population was 17·8 in 1875, 14·1 in 1882, and 13·4 in 1895. In the United Kingdom 1,082,000 persons were employed in these industries in 1881, against 1,120,000 in 1891, and 1,008,000 in 1901, the ratios per 1,000 of the population being 31·3, 29·7, and 24·3 respectively. In the case of Germany the great decrease occurred in the cotton and woollen weaving industries.

The number of persons (employers and workpeople) engaged in the more important branches of the textile trades were as follows in 1875 and 1895:—

	1875.	1895.
Cotton—		
Spinning	66,797	74,807
Weaving	203,489	147,121
Bleaching, Dyeing, Printing, and Finishing ...	20,277	32,618
Totals	290,563	254,546
Woollen and Worsted—		
Preparing processes	4,696	16,358
Spinning }	172,189	62,683
Weaving }		153,098
Mungo and Shoddy Preparation and Spinning	4,776	7,390
Dyeing, Printing, and Finishing	12,007	22,731
Totals	193,668	262,260

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	1875.	1895.
Flax and Linen—		
Preparing processes and Spinning	32,642	32,253
Weaving	164,085	67,792
Bleaching, Dyeing, Printing, and Finishing ...	3,482	5,671
Totals	200,209	105,716
Silk—		
Preparing processes	133	178
Spinning	10,280	6,809
Weaving	63,992	56,082
Dyeing, Printing, and Finishing	2,919	6,732
Totals	77,324	69,801

In 1905 there were employed in the 14,338 textile factories under inspection 750,898 adult (386,263 females over 16 years) and 76,168 juvenile workers, a total of 827,066, of whom 328,740 adults and 32,817 juveniles belonged to Prussia and 195,281 adults and 18,859 juveniles to Saxony. In the textile factories of the United Kingdom there were employed in 1904 1,026,378 workpeople, of whom 489,329 were females above 18 years and 31,744 children under 14 years.

Now, as thirty years ago, the principal centres of the cotton trade are the provinces of Rhineland and Silesia, in Prussia, Saxony, Alsace-Lorraine, and Bavaria, and of the woollen trade the provinces of Rhineland, Brandenburg, and Silesia, in Prussia, Saxony, Alsace-Lorraine, and Reuss.

Before 1871 France headed Germany in the number of its spindles. The war of that year turned the scale by transferring Alsace-Lorraine to its neighbour, which increased its number of spindles by 50 per cent., and the lead thus gained Germany has maintained since. In 1906 it was estimated that Germany had 9,730,200 spindles (1,295,600 more than in 1901) and 231,200 looms (19,380 more than in 1901). Rhineland and Westphalia had 2,731,990 spindles and 50,140 looms, Bavaria 1,577,630 spindles and 31,090 looms, Alsace 1,536,560 spindles and 39,920 looms, Saxony 1,968,580 spindles and 39,230 looms, Wurtemberg and Hohenzollern 793,120 spindles and 20,130 looms, Baden 526,800 spindles and 16,740 looms, the province of Silesia 133,930 spindles and 16,540 looms, the Rhenish Palatinate 129,840 spindles and 1,690 looms, and other parts of Germany (chiefly the North) 331,750 spindles and 15,710

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looms. Against Germany's nine and three-quarter million spindles and a quarter of a million looms there are some fifty-five million spindles and nine hundred thousand looms in the United Kingdom.

Germany's imports of raw cotton in the years 1854–6 averaged about 50,000 metric tons, of which 12,500 tons were re-exported, so that the home consumption was 37,500 tons. During the years 1875–7 the average consumption of raw and worked cotton reached 127,500 tons, though in the meantime Alsace had been annexed. Within the next twenty years, however, the amount doubled, and during the last five years it has averaged 370,000 metric tons.

The consumption of cotton per head of the population on the average of the years 1836–1840 was 0·75 lb.; on the average for the years 1846–1850 it was 1·16 lb.; in 1856–1860 it was 3 lb.; in 1876–1880 6·3 lb.; in 1886–1890 9·2 lb.; in 1896–1900 12·2 lb.; in 1904 it was 14·1 lb., in 1905 14·3 lb., and in 1906 13·8 lb.

Germany still imports a large quantity of yarn, particularly from England, and in a minor degree from France and Switzerland, but it is now for the most part in the finer counts, and this is a trade in which Germany's customers cannot count on any fixity of tenure. The total imports of yarn, both cotton and woollen, are hardly less than thirty years ago, but Germany now largely exports woollen yarns in return.

The Chemical and Paper Industries.

Other industries have made equal progress, among them the chemical and paper industries. It was estimated in 1903 that over 150,000 workpeople were employed in the chemical industry, 15·9 per cent. being engaged in the dye and colour trade, 14·8 per cent. in the manufacture of pharmaceutical and photographic materials, 14·3 per cent. in the alkali and acid trade, 12·1 per cent. in the wood and tar distillation trade, and 10·1 per cent. in the artificial manure trade. The importance of Germany's colour industry for the English market is proved by the promptitude with which, under the new Patent Law, the leading firms are arranging for the establishment of works in this country. Germany's exports of aniline and other

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dyes and of indigo have increased as follows during the past ten years :—

	Aniline Dyes.	Indigo.
	£	£
1896	3,245,000	320,000
1897	3,350,000	240,000
1898	3,600,000	380,000
1899	3,745,000	390,000
1900	3,865,000	470,000
1901	3,980,000	635,000
1902	4,465,000	925,000
1903	4,400,000	1,035,000
1904	4,430,000	1,085,000
1905	5,035,000	1,285,000
1906	5,950,000	1,580,000

Of the exports of aniline dyes Great Britain has for many years shared to the extent of a million pounds a year. In 1906 143 limited liability companies in the chemical industry had a combined subscribed capital of £23,850,000, with reserves of £7,700,000, and paid an aggregate dividend of £3,600,000, equal to 15 per cent. all round.

The sugar industry has also made rapid progress during recent years. In 1848 there were 145 sugar manufactories in Germany, and their output was about 12,500 tons of raw sugar, produced from 250,000 tons of beet. In 1879 the number of manufactories had increased to 324, 4,650,000 tons of beet were used, and 425,000 tons of raw sugar were produced. In the campagne 1905–6, there were in work 425 manufactories and refineries, whose entire production of raw sugar was 2,400,770 tons.

The paper industry owes its great growth in recent years to the use of wood pulp, of which German paper factories now use more than 500,000 tons yearly. The wages paid to the 80,000 workpeople engaged in the paper industry in 1906 amounted to £3,290,000, though in 1887 the wages bill was only £1,393,000. In this industry there has been great concentration during late years, and the growth which has taken place since 1887 has been in the size of the individual undertakings rather than in their number, for there were only 8 more in 1906 than 1887 (1,253 against 1,245).

Industrial Concentration.

The tendency to industrial concentration is shown by the returns of public companies, which point to the growing domina-

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tion of large undertakings. Of 4,749 registered public companies in 1895 13·6 per cent. had a share capital not exceeding £5,000, but in 1906, of 5,060 such companies, only 9·6 per cent. had a capital of that amount; the companies with a capital of from £5,000 to £12,500 decreased from 14·0 to 10·4 per cent., and those with a capital of from £12,500 to £25,000 decreased from 16·9 to 14·2 per cent. On the other hand, the companies with a capital of from £25,000 to £50,000 increased from 20·7 to 21·3 per cent.; those with a capital of from £50,000 to £250,000 increased from 28·5 to 35·0 per cent.; those with a capital of from £250,000 to £500,000 increased from 3·4 to 5·4 per cent., and those with a capital exceeding £500,000 increased from 2·9 to 4·1 per cent.

In 1896 there were only two companies with a capital exceeding five millions; in 1906 there were nine such companies, and their combined capital was over seventy millions, having been more than doubled since 1896.

In spite of this tendency towards the concentration of capital and the multiplication of large undertakings, however, Germany is still an interesting illustration of an industrial country which has not yet entirely gone over to the factory system of production. The handicrafts, the characteristic feature of which is the small, independent master-workman, surrounded by his handful of journeymen and apprentices, contend tenaciously, yet unfortunately with only partial success, against the oncoming tide of "great capitalism" (private, joint-stock, and co-operative), and the house industries continue to afford employment to a multitude of workers of both sexes, estimated at half a million. It is a pathetic spectacle, this strenuous endeavour of the representatives of earlier modes of production to hold their own against the powerful forces which steam, mechanical appliances, and combination of capital are able to array against them. It is a contest in which, as experience unmistakably teaches, the weaker side is fated sooner or later to go to the wall, yet no one dare assert that the threatened domination of gigantic industrial enterprises, and the sweeping away more and more of the small independent existences, hold out the prospect of unmixed economic advantage, much less of greater social peace.

Here and there, however, are found striking exceptions to

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the decay of the small industry, as in the centre of the cutlery and small iron industry, Solingen, Remscheid, and the neighbourhood, where the supply of electric power by the municipal authorities and private companies has given a new lease of life to hundreds of independent family and individual workshops which otherwise would have disappeared long ago. In a less degree the same thing applies to home weaving in certain branches of the silk trade in the Crefeld and Elberfeld districts and to cotton weaving in some of the rural districts of Saxony.

No statistics for recent years exist as to the number of independent employers, but a comparison can be made for Prussia between the years 1882 and 1895, and it is safe to conclude that the reduction shown has continued since. While in 1882 there were in industry and handicraft together 755,176 independent masters without assistants or motor-power, the number was 674,042 in 1895, showing a reduction of 10·7 per cent. On the other hand the number of undertakings employing assistants or motor-power was, in 1882, 466,963, with 2,635,117 persons in the aggregate, but 498,098, with 3,883,707 persons, in 1895. The tendency towards larger undertakings is illustrated by the following figures:—

Undertakings with—	Number of undertakings.		Number of persons employed.	
	1882.	1895.	1882.	1895.
1 person	32,670	33,607	32,293	33,607
2 persons	217,098	189,591	434,196	379,182
3 to 5 ,,	162,656	186,134	564,652	665,607
6 to 10 ,,	28,431	43,999	211,316	323,281
11 to 50 ,,	20,579	34,628	430,278	747,146
51 to 200 ,,	4,378	8,235	403,049	757,357
201 to 1,000 ,,	1,060	1,719	400,598	656,817
over 1,000 ,,	91	185	158,735	320,710
Totals ...	466,963	498,098	2,635,117	3,883,707

The Handicrafts.

But for resolute efforts made by the threatened class itself, seconded by legislative measures—scoffed at by the liberal

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school of politicians as "artificial"—the handicrafts would have been unable to withstand the advance of this relentless stream of economic tendency so long. In 1861 there were in Prussia 28·9 independent handicraftsmen to every thousand of the population; in 1895 the ratio was 26·7; and since that time decline had proceeded apace, until it is now only 18 per 1,000. Some of the handicrafts are as good as dead—spinning, weaving (with such exceptions as have been already noted), coopering, nail, rope, and button-making; and others are quickly losing ground, like the pottery, cutlery, copper, and locksmithing, and to some extent the joinery and shoemaking trades; and there are few that show no signs of decay, though one of the exceptions is the skilled watch and clock-making industry.* Meantime, all that can be done by State help and technical education to postpone the extinction of the handicrafts is being done. Their organisation is encouraged in every way, though the Imperial Government has stopped short of compulsion, to the regret of the Conservative and Clerical parties, which fail to recognise that the indiscriminate application of direct coercion would tend to weakness, and that the best way to popularise Trade Guilds in an age of industrial freedom is by appealing to class-consciousness, emulation, and pride in honest workmanship. The Imperial Statistical Office recently published the result of an investigation into the operation of the Handicraft Laws, from which it appeared that in Prussia 50 per cent. of the 677,000 independent handicraftsmen, 73·9 per cent. of the 648,000 journeymen, and 64·7 per cent. of the 292,000 apprentices are organised in Guilds.

* In his investigation into the condition of the handicrafts, published in one of the series of the monographs of the Association for Social Politics, Herr Voigt divides the handicrafts into four groups according as they are decaying, retrogressive, stationary, and prosperous. In the decadent handicrafts he classes those of spinners, dyers, weavers, nail-makers, cap-makers, millers, tanners, coopers, rope-makers, brewers, varnishers, gilders, soap-boilers, gun-makers, passementerie-makers, furriers, glaziers, hat-makers, turners, and picture-carvers. Between 1882 and 1895 the number of independent masters (including factory owners) in this group of crafts decreased from 500,000 to 330,000, the decrease in the textile industry alone being 125,000, viz., from 272,000 to 147,000. In the group of retrogressive industries he places those of independent potters, coppersmiths, locksmiths, tool, scythe, and knifesmiths, file-cutters, scissors-grinders, cartwrights, joiners, and shoemakers, the number of whom decreased from 462,000 to 445,000 during the same period; the greatest decrease

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The Rural Industries.

The rural house industries are making a no less resolute stand, and are illustrating the common experience that the threatened life is often the most tenacious. The hand-weaving industry of Silesia, one of the oldest and largest of them, has been declared hopeless a hundred times, yet it refuses to give up the struggle, and indeed the population of the hill country in that part of Prussia, poor as it is, would be plunged into infinitely worse penury but for the employment it offers. In the Black Forest clock-making is an extensive industry amongst the peasantry, and the prosperity of some of the villages so engaged is almost wholly dependent upon the trade done with England, the United States, and other countries. Rural Thuringia is largely given up to basket and cork-making, wood-carving, and the fashioning of dolls of a thousand kinds, the latter an ingenious business centuries old; and the highlands of Saxony and Bavaria have also a large house industrial population.

Yet, though the rural house industries find work for a multitude of people of both sexes and all ages, most of whom would otherwise be compelled either to migrate to the towns or to slowly starve on insufficient food at home, it cannot be ignored that they rather alleviate the economic conditions of rural existence than furnish an ideal or even a tolerable standard of life. In judging their practical value and their place in a modern industrial system, the question which it is most essential to ask is—"What would become of these workers and their dependents did such means of earning not exist?" There can be no doubt that the poverty which prevails in all these centres of industry would become far acuter and the life of the small

being in shoemakers and joiners, viz., from 235,000 to 110,000. The stationary handicrafts he found to be chiefly those of tailors, masons, carpenters, stonecutters, bookbinders, goldsmiths, and saddlers, the number of master workmen being about 360,000, including 250,000 tailors, masons, and carpenters. Finally, the prosperous handicrafts included the watchmakers, upholsterers, bakers, butchers, barbers, painters, roofers, chimney-sweepers, &c., to the number of about 280,000.

As will be seen, the handicrafts shown as either decadent or stationary are in general those in which capital plays the greatest part, and which specially lend themselves to wholesale and associated production, while the handicrafts which have best maintained their position are those in which individual enterprise is most effective or in which labour plays a predominant part in the cost of production.

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peasantry there would become far less endurable were these occupations to be forcibly extinguished, as the Socialists desire.

It is the recognition of this fact that has led the Governments of all the States having large populations so employed to encourage and assist the rural industries by every means in their power—by offering technical instruction of a kind suited to each locality, both by schools and travelling teachers, and by liberal grants of money in special times of misfortune. In Bavaria travelling teachers are appointed by the State, whose duty it is to go from place to place in the rural districts where hand-weaving is still a staple industry, supervising the work done, advising as to new designs, and imparting instruction to beginners. Not only so, but these teachers negotiate between the weavers and the dealers of the towns who purchase their goods, with the result that higher prices are obtained and the supply is more successfully adapted to the demand, so that the weavers are often prevented from producing superfluous goods, which would have to be sold at hunger prices or lie long upon their hands.

An interesting industry which combines both the factory and the house system, and which gives employment to an enormous amount of male and female labour, is the toy industry of Nuremberg and district, Sonneberg, Silesia, and the Erzgebirge. Ten or fifteen years ago the entire production of this many-sided industry was valued at three and a half million pounds, of which exports represented about one-half. In 1906 the production was estimated at nearly six million pounds, and the export branch alone at four millions. In so far as the industry is carried on as a house industry the wages are low, but in the towns fairly remunerative employment is given in modern factories and workshops to an increasing number of workers of both sexes. At least a quarter of the exports of this industry, which does not require large capital nor, with modern mechanical methods, exceptional skill, are sent to the United Kingdom. There is, in fact, little or nothing in the trade which could not be manufactured as well in England as Germany.

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CHAPTER IV

FOREIGN TRADE AND SHIPPING

The growth of Germany's foreign trade—Comparision of imports and exports—Geographical distribution of foreign trade—The trade with the British Empire—Germany's increasing negative balance of trade—Growth of the mercantile marine—The fastest vessels afloat—Development of the sea and river ports: Hamburg, Bremen, Mannheim, Frankfort, &c.

GERMANY'S industrial expansion is best illustrated by the statistics of foreign trade. It is estimated that the imports of the German States in 1860 amounted to fifty-four and three-quarter million pounds, the exports to seventy millions, equal to about £1 12s. 8d. and £2 1s. 5d. respectively per head of the population. Between the years 1850 and 1860 the imports had doubled and the exports nearly trebled in value. In 1880 Germany's total imports for home consumption were £141,000,000, and its imports of manufactured goods for home consumption were £39,100,000; its total exports of native produce were £144,800,000, and its exports of manufactured goods of native origin were £83,500,000. The value of its imports in 1907 was £443,000,000, and the value of the exports was £356,000,000; the imports being equal to £7 2s. 10d. per head of the population and the exports to £5 15s. The value of the imports of raw materials for industrial purposes increased during the ten years 1895 to 1905 from £90,250,000 to £172,850,000; the imports of manufactured goods increased from £46,250,000 in 1895 to £66,400,000 in 1905; and those of food, luxuries, and cattle increased from £69,450,000 in 1895 to £117,200,000 in 1905. The exports of raw material increased in value from £36,100,000 in 1895 to £70,100,000 in 1905; those of manufactured goods from £108,900,000 in

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1895 to £191,200,000 in 1905; and those of food and luxuries from £20,700,000 in 1895 to £25,370,000 in 1905.

Every year manufactured goods form a smaller proportion of the imports and a larger proportion of the exports. In 1905 46·5 per cent. in value of the imports consisted of raw materials for industrial purposes, comparing with 42·5 per cent. in 1895. The imports of manufactured goods formed 17·9 per cent. of the whole in 1905, against 21·8 per cent. in 1895. Food, luxuries, and cattle represented 31·5 per cent. of the imports in 1905 against 32·7 per cent. in 1895. The remaining imports (4·1 per cent. in 1905) consisted of precious metals. Of the exports, 24 per cent. consisted in 1905 of raw materials for industrial purposes against 21·1 per cent. in 1895. Manufactured goods formed 63·7 per cent. of the total exports in 1895 and 65·4 per cent. in 1905, and the proportion that fell to food, luxuries, and cattle declined from 12·4 per cent. in 1895 to 8·7 per cent. in 1905; the balance (1·9 per cent. in 1905) being precious metals.

In volume the imports of raw materials for industrial purposes increased from 25·0 million metric tons in 1895 to 42·2 million tons in 1905, while the exports increased from 19·7 million tons in 1895 to 34·2 million tons in 1905. The imports of manufactured goods increased from 1·6 million tons in 1895 to 2·3 million tons in 1905, and the exports increased from 2·0 million tons in 1895 to 3·7 million tons in 1905. The imports of food, luxuries, and cattle increased from 2·0 million tons in 1895 to 9·7 million tons in 1905, and the exports were 1·3 million tons in 1895 and 2·6 million tons in 1905.

The following table of values (million pounds) shows the countries with which Germany had in 1905 the largest exchange of commodities:—

	Imports.	Exports.
	In million pounds.	
EUROPE.	231·66	218·98
Of which—		
Russia	54·54	18·41
Great Britain	39·21	52·89
Austria-Hungary	38·65	29·74
France	20·45	14·67
Holland	12·84	22·44
Belgium	13·87	15·62

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	Imports.	Exports.
EUROPE (*Continued*).		
Of which—	In million pounds.	
Switzerland	9·51	18·49
Italy	10·60	8·77
Sweden	5·95	7·95
Denmark	6·20	9·30
Spain	5·84	2·65
AMERICA.	94·85	47·84
Of which—		
United States	20·21	27·15
Argentine	18·46	6·57
Chili	8·42	2·67
Brazil...	8·62	3·58
Mexico	1·11	2·17
Canada	4·49	1·09
ASIA.	25·38	15·83
Of which—		
British India...	13·82	4·30
Dutch Indies...	5·99	1·51
China...	2·13	3·79
Japan...	1·02	4·23
British Malacca	1·07	0·52
Ceylon	0·60	0·11
Hong Kong	0·01	0·40
AFRICA.	11·38	6·15
Of which—		
Egypt...	3·03	1·51
British West Africa...	2·60	0·35
British South Africa	1·80	1·71
Algeria	0·62	0·55
Congo State	0·56	0·04
AUSTRALIA AND POLYNESIA.	8·21	2·65
Of which—		
Australian Commonwealth...	7·82	2·30
New Zealand...	0·75	0·23

Comparing 1905 with 1898 the trade with the five continents has increased in the following ratio (1898 = 100) :—

	Imports.	Exports.	Together.
Europe	129	136	141
Africa	225	192	212
Asia	150	186	162
America	143	180	153
Australia	186	153	177

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The figures for Great Britain and the principal British Colonies are as follows:—

	Imports.	Exports.	Together.
Great Britain	95	132	113
British South Africa	177	144	159
,, West Africa	224	101	196
,, India	141	173	147
Canada	166	91	106
Australian Commonwealth	185	156	177

Of Germany's total foreign trade in 1905 (including the precious metals), in value £663,900,000, viz., imports £371,800,000 and exports £292,100,000, on the lowest computation no less than £137,220,000, or 18·4 per cent., was with the British Empire, made up of imports £71,410,000 and exports £65,810,000. Of Germany's import trade 19·2 per cent. and of its export trade 22·5 per cent. was with the British Empire. The trade with the various parts of the Empire was as follows:—

	Imports.	Exports.	Total.
EUROPE.	In	million	pounds.
Great Britain	39·21	52·89	92·10
Gibraltar, Malta, and Cyprus	0·08	0·14	0·22
AFRICA.			
British West	2·60	0·35	2·95
,, South	1·81	1·71	3·52
,, East	0·17	0·11	0·28
Egypt	3·03	1·51	4·54
ASIA.			
British India	13·89	4·30	18·19
Ceylon	0·60	0·11	0·71
British Malacca	1·07	0·52	1·59
Hong Kong	0·01	0·40	0·41
Aden, &c.	0·05	0·01	0·06
AMERICA.			
Canada	0·49	1·09	1·58
British West Indies	0·38	0·09	0·47
AUSTRALIA.			
Commonwealth	7·82	2·30	10·12
New Zealand	0·07	0·23	0·30
Other British Colonies	0·08	0·03	0·14
Totals	71·41	65·81	137·22

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It is no accident that while Germany's export trade has been growing for many years at the average rate of three hundred millions of marks, or nearly £15,000,000, its "balance of trade" has more and more become negative—that is, the excess of imports over exports (which has existed almost without exception for more than a quarter of a century) has increased. The excess has for some years been about sixty million pounds a year, though in 1906 it was nearly a hundred millions.

During the past decade alone (1898–1907) Germany has had an excess of imports above exports of over seven hundred million pounds. It must be left to the special student to inquire in what measure and in what directions this "passive" balance of trade represents permanent additions to the capital wealth of the country. *

The table last given shows that whereas Germany exports considerably more goods to the United Kingdom than it imports thence, its export and import trade with the entire British Empire almost balances.

Not only has German foreign trade thus advanced by giant strides, but its maritime trade is more and more carried in native vessels. In 1874 Germany's share in the mercantile marine of the world was 5·2 per cent., in 1894 it was 6·5 per cent., in 1905 9·9 per cent. This is a department of national enterprise in which the present Emperor has throughout his reign shown the deepest interest. The two great shipping firms of Hamburg and Bremen owe a good deal of their *prestige* to Imperial patronage and encouragement. Some of their ships have been launched by members of the Imperial household, a message from the Emperor regularly sends every new mammoth vessel on its first ocean voyage, and on the directorate of one company are found naval officers of high rank.

* Writing in the *Economic Journal* for December, 1907, Professor E. von Halle estimated that "Whilst perhaps £20,000,000 are derived from shipping the rest of the negative balance is made up by income from investments abroad that are figured at something like one and a half milliard pounds. A careful review seems to prove that whilst the valuation of German colonial enterprise at the present time cannot be put higher than £50,000,000, investments in the bonds and stocks of foreign transoceanic countries, including Turkey, amount to £200,000,000, out of a total of £800,000,000 of German foreign investments in securities; whilst the value of the property of German citizens living abroad and German investments in transoceanic undertakings, including Turkey, may be put at about £450,000,000. The total of investments in foreign continents represents the smaller half, but no doubt the most productive part of German foreign investments."

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In 1871 Germany had a merchant marine numbering 4,519 vessels (only 3 per cent. being steamships), with a nett tonnage of 982,355; in 1906 the number of vessels was 4,320 (nearly half being steamships), with a nett tonnage of 2,469,292. The North Sea ports had in 1906 1,250 steamships with a nett tonnage of 1,655,459, and 1,930 sailing vessels with a nett tonnage of 540,726, and the Baltic sea ports had 512 steamships with a nett tonnage of 260,016, and 369 sailing vessels with a nett tonnage of 15,110, besides towing vessels in each case. The North-German Lloyd alone, working with a capital of nine million pounds, had in 1906 a fleet of 134 sea-going vessels.

The following statement of Germany's steamships and sailing vessels, over thirty years ago and now, gives an idea of the progress made (vessels under 17·6 tons are here disregarded):—

Steamships.

Year.	Number.	Nett tonnage	Crews.	Year.	Number.	Nett tonnage.	Crews.
1871	147	81,994	4,736	1903	1,545	1,622,439	42,984
1872	317	183,569	9,147	1904	1,622	1,739,690	46,046
1873	414	215,758	8,657	1905	1,657	1,774,072	46,747
1874	664	420,605	14,006	1906	1,762	1,915,475	50,303
			Sailing Vessels.				
1871	4,372	900,361	34,739	1903	2,232	498,502	12,516
1872	4,426	901,301	33,215	1904	2,258	497,607	12,701
1873	4,246	965,767	31,003	1905	2,294	493,644	12,914
1874	3,438	854,947	24,839	1906	2,299	471,836	12,809

In view of these figures it is encouraging to find a Hamburg commercial journal lamenting: "The increase of English shipping proceeds with such rapidity that the distance between it and German shipping increases with giant steps; estimated according to population, the English mercantile marine has (during the past sixteen years) increased five times as quickly as the German, while England's foreign trade has also increased more quickly, though the absolute increase was less."

England still leads the world with the largest and fastest vessels afloat, though Germany has a creditable share of the ships of heavy tonnage generally. Of 103 vessels of over 10,000 tons register in service at the beginning of 1907 Germany owned 26, and all with one exception belonged to the Hamburg-

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American (Hamburg) and North-German Lloyd (Bremen) Lines. The largest of these vessels are the *Kaiserin Augusta Victoria* and the *Hamburg* of the former line, with 24,600 and 22,200 tons gross respectively; after which come seven others of from 13,000 to 19,400 tons. Since then these two lines have commissioned the building of one steamship of 29,700 tons, another of 20,000 tons, and three others of from 17,000 to 20,000 tons. At the beginning of 1907 England owned 54 ships of over 10,000 tons, 21 belonging to the White Star Line, the largest the *Adriatic* and *Baltic*, with 25,000 and 23,900 tons respectively, but the *Lusitania* and the *Mauretania*, of the Cunard Line, each of 32,500 tons, have since put all competitors into the shade.

While no expense has been spared to increase Germany's maritime trade by the building of larger and faster vessels, there has been vast expenditure upon the improvement of harbour and dock accommodation. There is not a coast or river port that has not of late years sunk large sums in the increase of its shipping trade possibilities, and some of them are at the present time engaged in ambitious schemes of the kind.

Quays and wharves are being provided large enough to meet the probable requirements of many years to come, and their equipment—their sidings, railway connections, warehouses, arrangements for loading and unloading, &c.—are as perfect as they can be made.

When in 1888 Hamburg surrendered its freedom of trade and joined the Imperial Customs Union it received as *solatium* the sum of two and a half million pounds as a contribution towards the cost of extensive new harbours and docks which became necessary. Since then its maritime trade has enormously increased. Bremen is similarly engaged upon large dock extensions and river improvements, both in that port and at Bremerhaven, lower down the Weser, which by the time they are completed, many years hence, will have cost eight and a half million pounds. This prosperous City State plans not only new harbours but a new town. Near Bremerhaven it has acquired, by exchange with the Prussian State and by purchase, an area of about 1,470 acres, upon which docks and quays are to be constructed, and building land is to be laid out for a community of from 20,000 to 25,000 inhabitants. Hitherto

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the economic development of the Free State has necessarily led to outgrowths upon the adjacent Prussian territory. Bremen wishes to grow within its own borders, and the harbour scheme which has been undertaken is intended to achieve that end. The new docks will take the largest vessels afloat or likely to be built for many years to come, and, following the example of Mannheim, a special area is to be set aside for industrial works —grain and oil mills, factories, &c.—which will be provided with ample water and railway facilities. Another part of the project is the construction of a canal on the Upper Weser at a cost of £330,000. The population of the entire Free State in 1905 was 263,440, so that the contemplated expenditure to which the authorities have pledged themselves on account of this bold undertaking is over £32 per head.

The river harbours, and especially those which are accessible from the sea, are being developed with no less energy. The enterprise of Mannheim is particularly interesting as an example of what a German inland river town is prepared to do to safeguard its prosperity. Mannheim is situated upon the Rhine, 160 miles above Cologne, and is the last port at which the larger Rotterdam river boats are able to call with full cargoes. In the past it was more a commercial than an industrial town, being a great entrepot for the trade of Central Germany and the South. The project of the Main-Rhine canal and the prospect of the deepening before long of the Rhine as far as Basel, implying the decrease of Mannheim's importance as a great transit trade centre, convinced the municipal authorities some years ago that the town would have to rely upon industrial enterprise more than it had hitherto done.

Accordingly, in 1895, they bought an estate of 350 acres of undeveloped and in part marshy land north of the town and near to the river, and laid out the larger portion of it as an industrial area, constructing alongside of it docks, quays, and railway communications, equipped with the most modern appliances for loading and unloading vessels, enabling the factories and warehouses to be erected to receive their raw materials by water, and to be in direct contact with the inland markets. The scheme involved the town in an outlay of £322,000, equal to £3 10s. per head of its then population, but it has succeeded beyond the highest expectations of its originators. Almost the

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whole of the industrial area is already occupied by large works, the capital sunk by the municipality has come back with interest, the industry and the trade of the town have greatly benefited, and in ten years (1895 to 1905) the population of Mannheim (without counting 14,283 inhabitants added by incorporation) increased from 105,399 to 149,525, equivalent to 41 per cent. The spirit in which the project was undertaken is shown by the following words taken from a statement made by the municipal authority on the subject: "The municipality has given an undertaking to the State (Baden) that it will look for no direct profit from the undertaking, and so will make the financial standpoint subsidiary to the economic. Not only does it renounce financial advantage, but it is ready where necessary to refrain from covering its bare costs. The only reward of its sacrifice which the town seeks is the economic development which will be experienced owing to the prosperity of industry and trade." The success of the undertaking has, none the less, been so complete that a further enterprise on the same lines is now contemplated.

Frankfort-on-the-Main, with water facilities less favourable, is no less progressive in its own way. Since 1886 this town had a large commercial dock as well as a coal dock. Before these docks were constructed the trade in and out by water only amounted to 150,000 tons; four years later it had increased to 700,000 tons, and in 1905 it was 1,565,000 tons, so that Frankfort took the fifth place amongst the 53 Rhine ports, its trade far exceeding that of Cologne and Düsseldorf. About a third of Frankfort's river trade consists of transit merchandise which is transhipped from or to the higher reaches of the Main canal, which beyond Frankfort is now only navigable by shallow boats. Half of the entire trade is in coal and coke. During recent years the trade of Frankfort has increased so greatly that the capacity of the existing docks is taxed to the utmost, and extensions are necessary.

These docks, which lie below the town, cannot, however, be increased, since on one side they abut on populous districts, and on the other are blocked by locks, so a new dock is to be constructed above the town on the right (Frankfort) bank of the river, at a cost of £2,850,000. The area of land to be acquired is 750 acres, with a length on the river side of

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2¾ miles, and a depth inland of from 1,950 to 2,400 yards. Railway connections will join on to the trunk lines. There are to be four large mercantile docks with a timber dock. The largest dock will be 1,400 by 53 yards, a second will be 1,300 by 80 yards, two others will be 870 by 43 yards, and the timber dock will have an area of 26½ acres. As at Mannheim, an extensive *Hinterland* is to be reserved for factories, and it is hoped that a thriving industrial quarter will in time spring up here. Of the estimated cost of the scheme it is expected that at least £1,950,000 will come back by the sale of sites, so that the docks will only cost some £925,000, representing £50,000 interest per annum, which will be covered by dues and rents. It is expected that the first half of the project will be completed by the spring of 1910, and the whole works seven years later.

Lower down the river Düsseldorf is constructing a new dock, 1,930 yards long by 65 yards wide at the base, with a large petroleum depôt, and is extending the bonded dock. New docks are also projected at Duisburg, and the existing municipal harbour there has been amalgamated with the State harbour at Ruhrort and placed under State administration.

What is being done on the Rhine is taking place on other important rivers, like the Elbe, Weser, and Oder, and even on the minor streams. While the States are deepening the rivers and building new canals, the towns situated upon navigable waterways are everywhere showing their faith in the future of water transit by increasing and improving their harbour and dock facilities on a bold scale. The extent to which the two largest rivers, the Rhine and the Elbe, are used for commerce may be judged by the fact that during 1905 no fewer than 20,756 vessels of all sizes, with a cargo, exclusive of raft timber, of 9,730,000 tons, entered or cleared from the twin towns of Mannheim and Ludwigshafen, on the former river; while 17,938 vessels, with a cargo of 3,654,000 tons, entered or cleared from the two Elbe harbours of Magdeburg and Schandau.

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CHAPTER V

THE PERSONAL EQUATION

Industrial Germany the child of industrial England—Early English enterprise in Germany—Cobden's prophecies in 1838—German commercial enthusiasm—The first generation of industrialists—The love of system—Reasons for German success—The German standard of life—Lower salaries and wages—Modern industrial plant—Industrial concentration—Germany and America compared—"Mixed" *versus* "pure" iron works—Germans not inventive but imitative and adaptive—Consideration for customers' wishes—Government encouragement and help—The State railways—Inland waterways—International exhibitions—The central agency for industry in Hesse—The Emperor's influence—Chambers of Commerce, their constitution and functions—The industrial associations—Foreign trade agencies—The German theory of trading—The commercial traveller.

COMMERCIAL and industrial Germany is the Germany which possesses most interest for English people at the present time. We should, of course, have preferred that it had continued to concentrate attention upon the production of music, poetry, plays, and philosophy, and had left us to provide the world with machines, cloth, and cotton. As it has chosen to turn trader it is well worth while to study the question, How has this economic change been brought about—what are the forces which have been at work, the methods which have been employed?

And, first, allowance is never sufficiently made for the fact that industrial Germany is largely the child of industrial England. We have created the rival of whose competition we now complain. Some time ago the *Cologne Gazette* reminded its readers that "It was Englishmen who in Germany first took in hand the construction of railways, gas works, tramways, and machine shops; who supplied to these enterprises the ample

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resources of British capital; and who thus acted as the pioneers of German material development." This is a generalisation which it would be possible to illustrate in all sorts of ways. Water was given to Berlin and Hamburg, among other towns, by Englishmen, and the latter town perpetuates its benefactor in the name of one of its streets. An English gas company, established many years ago, still supplies a special reserve of Berlin, and carries on undertakings in other Continental towns. Evidence of English pioneer enterprise in street locomotion survives in the naturalisation of the word "tramway" in more than one German town. The cotton and woollen and engineering industries largely owed their introduction to English energy and capital. Many old firms in all these industries still trade with English names, though no Englishmen are now associated with them, and Mülhausen, the South German seat of the cotton trade, has its Manchester Street.

There occurs in an overlooked report of the eventful meeting of the Manchester Chamber of Commerce, held on December 13, 1838, which proved the prelude to the anti-Corn Law movement, a speech in which "Mr. Richard Cobden, calico printer," foretold the day when the weapons which English enterprise and example were then placing in German hands would be turned against ourselves with fatal effect.

"He had made" (he said) "the tour of Germany lately, and had given some attention to the progress of manufactures in the countries through which he had passed. He would allude to an industry which was making great progress, and which had struck him as one of the most ominous signs he had witnessed. He alluded to the great increase in the manufacture of machinery abroad under the auspices of English mechanics. Previous to the time of passing the Corn Law in 1828 the manufacturers and spinners of this country, anxious to share the monopoly of the landholders in some shape, pressed for a prohibition of the exportation of machinery, and it was granted. The artisan, who had been previously interdicted from emigrating, now demanded a law to enable him to carry his labour to the best market, and this, of course, was granted. The artisan left this country to teach the foreign spinner how to organise his mill, and was then sent home to reap the effects in a restricted market for his industry.

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"But now the demand arises for the makers of machinery, and the same process is going on of instructing the foreigner in making spinning-frames that was formerly done in spinning cotton. Whilst at Dresden he was shown over a large machine-making establishment by an Englishman, who took him into a large room filled with machinery for spinning flax, with Gore and Wesley's patent improvements. 'This,' he said, 'was brought out from England at an expense of 35,000 dollars (thalers) for models, and I am engaged to superintend the copying of it.' At Chemnitz, also in Saxony, he visited a large establishment, organised and conducted by English mechanics, for the manufacture of machinery. He found at Prague, in Bohemia, an establishment belonging to Englishmen for making machinery for manufacturers; and at Vienna there were two of our countrymen accommodated under an Imperial roof carrying on a similar trade. At Elberfeld and Aix-la-Chapelle he also found large machine-making businesses conducted by Englishmen. At Liège there was a similar concern, the largest in the world, belonging to Mr. Cockerell, who was born in Haslingden, and who employs nearly 4,000 hands; and at Zurich he found the large establishment of Mr. Esher, with an Englishman at the head of the foundry and another at the head of the forge, casting five tons of iron a day, brought from England, into spindles, rollers, and wheels for the spinners and manufacturers of Austria, Saxony, and Bavaria. In almost every large town there were English mechanics instructing the natives to rival us."

The process which to Cobden seventy years ago appeared so sinister was continued far into last century. Englishmen, their enterprise, intelligence, and capital were welcome so long as they were needed. Those were the days of Germany's apprenticeship, and never was learner more patient and industrious. Directly the apprentice was out of his time, however, he began business on his own account, and his master was free to go, and go he did. We all know the rest. From manufacturing for their own use the Germans soon proceeded to supply other nations, and England lost control of markets in which it had for generations held an almost undisputed position. What it is urgent to know is how the Germans have succeeded in their policy of supplanting English industrialists and traders in foreign markets.

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More than anything else this progress is, of course, due to the fact that Germany, now in the first flush of material prosperity, is devoting itself to industrial and commercial pursuits with the enthusiasm and fervour of a nation determined to win its way to the front rank in every department of economic life. It may be a question whether on the whole trade is followed in England with the old zeal and application, or even the old respect. In Germany trade is a passion. There is no disposition there either to be ashamed of it or to give it a secondary place; it is not an incident in a man's life, a variant on pleasure and sport, but the chief, primary, absorbing concern. The successful German business man, whether manufacturer or merchant, travels or goes to sea, lake, or mountain during the hot weeks of summer, but he does not find time for a second holiday in winter, and the institution of the "week-end" appears to him a symptom of national enervation and decline. For eleven months of the year he is chained to his factory, warehouse, or counting-house, and he takes this strenuous life as part of the natural order of things, not to be relaxed, if he would achieve his ultimate purpose. The head of one of the largest industrial undertakings in Germany, bearing a name known all over the world, said not long ago, "For fifty years I have come to my factory as soon as my men in the morning and I have been the last to leave in the evening." That has meant for him an average day of twelve hours—with necessary intervals—yet he has had his reward in the fact that he controls one of the largest and most prosperous works of the kind in Europe. Nor does it belong either to company or syndicate.

Further, in the main Germany is still in the first generation of its great industrialists. In saying this I do not overlook the fact that many of the largest undertakings in the iron and steel and engineering industries have a long lineage, and that in every industry there are firms—not always, however, the largest—that go back fifty, eighty, and even a hundred years. In general, however, the fact is as stated, and the consequence is that Germany is drawing upon reserves of energy which as yet show no sign of exhaustion.

But this plodding and persistent endeavour of the Germans to come to the front has been supported by a skilful and even

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masterly application of means to ends. While the average Englishman has been accustomed to regard commerce as a purely rule-of-thumb matter, the German has followed it as a science and an art, and in reality all the methods and measures which he has adopted in competing with his older rivals for the trade of the world may be reduced to one principle, characteristic of the Germans in so many ways, the application of a trained intelligence to the practical affairs of life.

Broadly speaking, where the German outrivals his competitors it will be found that his success is due to one or other of three reasons—(1) the cheaper price of his goods, (2) their superior or at least more serviceable character, and (3) the more efficient arrangements which he makes for reaching and attracting purchasers.

As to the first of these reasons, the German manufacturer is helped in his endeavour to produce cheaply by the fact that the entire standard of life is less pretentious than in England, and this holds good in every class of society. Luxury—comparative luxury—is making headway as money is accumulated more easily and more rapidly, but on the whole life is simpler, there is less personal indulgence, habits are less expensive, even amongst the wealthy class, than with us. The consequence is that the German manufacturer is contented with less profit than is expected in England. He has also for the present a great advantage in the smaller industrial salaries and wages which he has to pay. Recently an inquiry was made by the German Union of Technical Employees into the salaries received by its members, engineers and other officials in the engineering and electro-technical industry. Nearly 2,000 answers were received, and they showed that the salaries of 49 per cent. of these skilled men fell below £105 per annum; 12 per cent. received from £105 to £120, 12·5 per cent. from £120 to £135, and only 25 per cent. above the last-named figure. Of late years the workman has successfully made large demands upon his employer both in respect of wages and the hours of labour, but even yet the former are much lower, the latter much longer, than with us. Yet in fairness it should here be said that the workman enjoys very substantial compensation in the form of his three insurance benefits (sickness, accident, and old age), and that the statutory protection afforded to juvenile labour is

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greater than in England. Apparently the tendency of things should be still more to the German employer's disfavour, though on the other hand it must be remembered that the adjustability of industry to its increasing burdens, within surprisingly elastic limits, has been proved over and over again in our own experience. In Germany it was feared at one time that the Industrial Insurance Laws would severely handicap production and indefinitely retard the progress of the export trade. This has not happened, however, for the period of Germany's greatest stride forward as an industrial and mercantile country has synchronised with these beneficial laws.

Meantime, the advantage which the German manufacturer enjoys in the matter of wages and hours is gradually disappearing, and it may be expected that in this respect the conditions of production will every year tend to become more equalised between the two countries. Not only are the costs of living steadily rising in Germany, but the strength of the trade unions continually increases, and with their growth in numbers and influence both their demands and their ability to assert these demands become greater. The relations between capital and labour will, however, be treated separately and need not detain us here.

Much is due also to progressive methods and the use of thoroughly modern plant. Of Germany's industrial works in general it may be said that if the worst are hopelessly behind the times and are only kept alive by local advantages—low wages as in rural districts, exceptional transport facilities, &c.—the best can nowhere be surpassed. The iron and steel industry is probably the best illustration of the efforts made to produce under the most favourable conditions which modern machinery and technique allow. In an endeavour to explain the falling back of the United Kingdom into the third place as a producer of pig-iron a correspondent of *The Times* wrote on April 7, 1906: "Among the chief reasons for the decrease in the British iron industry must be placed the tendency to adhere to antiquated methods of production among English manufacturers. As opposed to this the German ironmasters have known how to avail themselves fully of modern improvements in the technical details of the metallurgy of iron and in the practical operation of the blast furnaces. In fact, though during 1905 there were

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fifty fewer blast furnaces in Germany than in Great Britain, the former country was able to produce no less than two million tons more of pig-iron than its rival, even with this great disadvantage in point of plant." This is true; in 1886 the average production of a blast furnace in Germany was 16,500 tons, but by the building of larger furnaces and improved methods the production now reaches 40,000 tons.

But this is not the only or the chief explanation of the German iron-master's ability to produce so cheaply that he can make his way into every market. A still more important reason is the co-ordination of the various process of production. The owners of the large combined steel works know that it does not pay to saddle their half-manufactured material with transport costs of all kinds midway in the manufacturing process, and pig-iron, steel-making and rolling are nowadays done under the same roof as part of an unbroken process.

The pig-iron is conveyed direct into the Bessemer converter adjacent, and cast into ingots, and the ingots have no sooner cooled down sufficiently than they are at once passed into the rolling mill.

In the process of rolling great improvements have been introduced. In many, perhaps most, works the ingots pass in and out of mills of different size, before they take the final form of rails, but in the more modern works this three- or fourfold process is shortened into one, for the rollers instead of lying side by side follow one another, so that the glowing ingot which passes from the furnace into the first grip of the mill comes out at the other end a finished rail ready to be cut to size and finished off. Where formerly ingots were cast which made two rails of 45 feet each ten rails of 65 feet can now be made out of the same ingot—a great economy in production and also a great economy in wastage. What such a combination of processes means in the saving of labour and fuel, as well as of capital, may easily be imagined.

Not only so, but mechanical appliances are used nowadays to an extent that a few years ago would have seemed inconceivable. Menzel's famous painting of the rolling-mill, in which bare-breasted workmen are shown grappling at close quarters with the glowing ingots, will soon represent an obsolete page of industrial

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history. As the fundamental maxim in the obtaining of the necessary raw material is the saving of cost by the elimination of the middle man at every stage in the process of production, so the fundamental maxim in the later and more costly processes is the saving of labour. In the latest works nothing is touched by the hand that can be done by mechanical means, and man and machine are brought into the nearest possible contact by the same expeditious and economical means. It follows, as a matter of course, that electricity is employed for every purpose to which it can be employed as a motive agent.* Even in the firing of furnaces, retorts, and boilers science has been introduced. The German technical schools which exist for the special benefit of the engineering trade have created a science of heating, the fundamental principle of which is to obtain a maximum amount of heat in the best and quickest way at a minimum cost. Finally, the gases which small works cannot employ and therefore waste are used by modern concerns for power and heating. When several years ago Herr von Möller, the then Prussian Minister of Commerce, visited the United States he found "the technics of industry there to be in many respects very behindhand. "In general," he reported, "the large German works are in no way behind the American except in products for which Germany has no adequate market." Incidentally also he thought America "very careless about the life and health of the working classes; in the largest works the precautions against accident are of the most primitive kind." Nevertheless, American managers are to be found in many German engineering works and American machinery in still more.

This tendency to increased concentration, with a view to more economical production, has greatly stimulated the movement in favour of what are known as mixed works, the combination taking various forms, as, for example, ore and coal mines, ore mines and smelting works, smelting works and rolling works, or larger combinations still. The firm of Krupp produces, in fact, everything it requires in its engineering and ordnance

* In April, 1906, there were in Prussia alone 5,955 engines with 883,364 horse-power used in the production of electricity. In 1903 the number of such engines was 5,160, with a horse-power of 623,334, so that there had in three years been an increase in power of 41·7 per cent. The largest use of electric power was in the engineering trade centres of the Rhineland.

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factories—ore, coal and coke, pig-iron, steel, rolled iron, and so on through every process to the finished product.

The struggle between the "mixed" and "pure" works has of late years been very severe in Rhineland and Westphalia, and particularly since the Coal and Steel Syndicates came on the scene, but this form of concentration is no new one either there or in Silesia. The great Stumm iron works owned ore mines as early as the eighteenth century. The firm of de Vendel have owned the same since 1797 and collieries since 1856; the König and Laura Smelting Company have had both ore mines and collieries since 1802; the Kattowitz Smelting Company has from the first had its own ore mines and collieries since 1789; the Gutehoffnungshütte at Osnabrück has mined its own ore since 1810 and its coal since 1857; the Hörder Verein has had ore mines since 1852 and coal mines since 1859; the Union Company at Dortmund has used its own ore and coal since 1855; the Burbacher Hütte acquired ore mines in 1856; the Dillinger Hütte has had ore mines since 1828; the Georg-Marienhütte at Osnabrück has had both ore and coal since 1859; the "Deutscher Kaiser" Company has had coal since 1876, the Hoersch Company at Dortmund since 1898; and the Aix-la-Chapelle Smelting Company has had ore since 1892.

In 1906 there were 41 mixed iron and rolling works or iron works owning their own collieries, and they together controlled three-quarters of the entire pig-iron production of the country, the greater part of the steel production, and three-quarters of the production of rolled goods, as well as one-quarter of the coal produced in the Ruhr basin. Of 1,200,000 workpeople employed in the iron industry it was estimated that 300,000 fell to the mixed works, eight alone employing 170,000 men. Ten of these works represented a capital of over twenty-five million pounds, the largest being Krupp, Thyssen, Bochumer Verein, Hörder Verein, Rheinische Stahlwerke, Gutehoffnungshütte, Phœnix, and the Laurahütte in Silesia.

Against powerful companies like these the smaller "pure" works are powerless to compete, restricted as they are in resources and unable to take advantage of the economies in every direction which are within reach of the great combined works. The number of "pure" rolling works is now about 60, 24 of them in the northern part of the Lower Rhenish-

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Westphalian district, 16 in the central part of that district, the Berg country and the centre of the small iron goods industry; 10 south of the district, in Siegerland, and in the west of the Rhineland, while of the other two one is in the Saar district and the other in Upper Silesia. The rolling works which most feel the competition of the "mixed" concerns are the plate and bar works; those for the present best able to hold their own are the wire and wire-goods works, but all are hard pressed, and that the more since the Steel Syndicate deliberately favours the large combined undertakings, and sooner or later the latter will undoubtedly hold the field. Herr Kirdorf, the director of the Steel Syndicate, recently expressed the opinion that "The entire economic development necessarily leads to mixed undertakings; for a company can only prosper permanently when besides manufacturing finished goods it also produces its own raw materials." A recent writer suggests an alternative to the extinction of the "pure" works. Dr. H. Voelker, who was formerly a member of the directorate of the Steel Union, in his book "Die deutsche Eisen und Stahlindustrie," writes:—

"There are three ways open to the pure rolling works of improving their position. In the first place they may readjust their plant more rationally by turning attention to the manufacture of fine products. The large mixed works can do this less easily, since the directing heads are too much occupied to be able to devote themselves to the details of production. . . . A second possibility for the maintenance of the pure rolling works is the formation of a union with the mixed competitive works for the purpose of increasing the prices of bar-iron, wire, and fine plates. Hitherto it has only been possible to establish unions for fine plates and wire, and the first of these has been dissolved, while the efforts to establish a bar-iron union have invariably had but brief and transient success. The third way of improving the position of the pure rolling works is to join a mixed works, for example, a Siemens-Martin works, either by entering into a financial union or by amalgamating altogether. In this way a certain distribution of labour could be arranged between the pure and the mixed works by arranging that each concern should only produce the articles which, owing to its special equipment or its geographical position or other local

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circumstances, it can produce under the most favourable conditions."

Of these alternatives the third seems to offer the only real prospect of success, but the resort to fusion proposed means that the "pure" works as such will exist no longer, in which event the aim of the Steel Syndicate will be achieved.

This, however, is not the only form of industrial concentration. It is carried on in directions quite uninfluenced by the syndicate movement. In the town of Düsseldorf in 1907, for example, there were 463 distinct undertakings, combined in 124 companies. This combination was naturally most developed in the iron and steel industry, which is there supreme, one undertaking in which was engaged in the production of iron and steel pipes, plates, puddling iron, steel ingots, wire and bar-iron, &c. The largest wire-rolling works combined fourteen branches, including wire-drawing, bar-iron rolling, puddling, wire rope, Martin, shoe-iron, and wire nail works, also an iron foundry, a workshop for electric machinery, drawn zinc works, a box factory, &c.

The two other reasons may be dealt with together. The German is not an inventive genius, but he excels in adaptation, which under ordinary circumstances is a gift of even greater practical value than inventiveness. The great inventors have seldom become rich men; the prizes have generally fallen to the men who have had just originality enough to recognise a good idea when they saw it, to adapt and develop it, and to turn it to immediate account.

In their beginnings the German textile and engineering industries, and even the chemical industry in which Germany specially excels, all owed at least as much to foreign ideas and influences as to native talent. The loss to English industry owing to its neglect to recognise the commercial value of chemistry is incalculable and can never be made good. Nevertheless, even at the present day it is a common complaint that there are English dyers who will not bring theory (in other words, science) to bear upon their practice, but persist in the old guess-work which was good enough for their fathers and the race of customers they had to serve half a century ago. Not long ago one such dyer of the old school had the chance of a large commission provided he could give a certain shade. "I can do it *pretty near*," he said.

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"But it must be exactly true." "Well, I cannot promise to a nicety, but it shall be a good job." And that was all he would or could say. The work went abroad.

The German chemical industry, perhaps more than any other, owes its expansion and prosperity to science and scientific methods. It is estimated that in the chemical manufactories of Germany there is on an average a university-trained chemist to every forty workpeople—a ratio of science to labour probably excelled in no other country in the world. A recent German writer makes the proud boast that "empiricism has absolutely disappeared from present-day methods of production; instead of the old plan of 'trying this and that' we see at the head of our works men who would be an ornament to any chair of chemistry, surrounded by their staffs of thoroughly-trained chemists. The large manufactories have well-equipped and often model laboratories for scientific research which it is a pleasure to work in. Nowhere is the alliance between science and technics so intimate as in Germany, and no one doubts that to this fact is due the pre-eminence of the German chemical industry."*

A further secret of the German manufacturer's success is his studied endeavour to meet the needs and wishes of those whom he seeks to make his customers. He has put away from him the antiquated idea that the consumer exists for the producer and must be satisfied with what the latter offers him, and instead he acts on the principle that the buyer has a right to have what he wants, if it can be made, and that it is the manufacturer's business to supply it. It is impossible to say how much trade has left England, never, perhaps, to return, owing to obstinate refusal to recognise this not unreasonable principle. A leading firm in a great English textile industry is reported, before experience tardily taught it a painful lesson, to have boasted that it never modified its manufactures, or the mode of placing them on the market, under any circumstances. "Our goods are made in these colours and these lengths," it said, "and those who are not pleased can go elsewhere." In due time they went elsewhere, and now the problem facing this firm, and many another in like predicament, is how to get those rebellious buyers back.

In Germany it is different. Its strength in manufactures and trade, as in so many other things, lies in attention to little

* Dr. A. Steigel "Die Chemische Industrie," p. 8.

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things. The buyer's requirements and tastes, however various and changeable, and not the manufacturer's traditions and prejudices, determine what sort of goods are made, and how these goods are placed in the merchant's hands. And the merchant is equally alive to his patron's convenience and his own interests. He does not expect foreigners to be expert in the German language, but addresses them in their own tongues—often, no doubt, with peculiar variations of his own—adapts his own coinage, weights, measures to theirs, and if letters will not answer their purpose the merchant goes himself or sends some one who is well able to do his business for him. In short, the story of the first check to British exports relatively to those of Germany (for we have learned much) was largely a story of opportunities lost or wilfully neglected—mostly the latter.

And yet, when all the points in which the German industrialist and merchant excel have been pointed out—and for the most part they are little points, which yet when put together make a large aggregate—it would be a great mistake to suppose that English enterprise and business acumen are lightly regarded in Germany. On the contrary, a profound respect is everywhere entertained for England as an industrial pioneer, and it yet stands to most Germans as a model to be imitated: he must be a very up-to-date manufacturer indeed who will venture to disparage the country from which he has learned so much.

Again, both industry and trade receive encouragement and practical help from the Governments of the various States, and within its more limited power from the Imperial Government. The idea that a German Ambassador is a sort of superior commercial agent is, of course, absurd, yet the fiction had its origin in a fact, which is that German diplomatic representatives abroad are very properly alive to the close connection of national trade and national prosperity, and are not slow to do industry a service when the opportunity occurs. Protective legislation apart, the fact that the railways are, with insignificant exceptions, State undertakings enables the Governments to render a great service both to industry and agriculture by regulating transport charges according to special circumstances, geographical and otherwise, while the export trade is systematically assisted by means of low preferential tariffs specially designed to enable the home manufacturers to enter foreign markets on

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favourable conditions. It is not always possible to strike an absolutely fair balance between one industry and another, yet on the whole the trading world is thoroughly satisfied with the way in which the railways are administered, and its grievances are for the most part spasmodic and relate to transient defects for which the "fiscus" is really as little responsible as the complainants. Where a good case for the amelioration of existing traffic conditions and charges can be made out, especially if supported by official or other responsible authority, the district railway administration is generally ready to make reasonable concessions. The result is that the question of State *versus* private railways does not exist in Germany, even in the most academic form.

The State also shows its concern for the promotion of trade by the construction of inland water-ways, a branch of navigation which in Germany is now seldom touched by private enterprise. The canal connecting the Baltic with the North Sea, opened in 1891, is the greatest State undertaking of the kind yet carried out. Prussia alone has during the past two decades spent many millions of pounds sterling in the construction of new canals and the canalisation of rivers, and the projects of the kind at present in hand—including the Rhine and Elbe canal and smaller channels in the south and east of the country—are variously estimated to cost from twenty to thirty millions more. There is also this difference between the canals of Germany and those of this country—that the former are generally navigable by steamers while the latter are not.

How the Central and State Governments help industry on the occasion both of national and international exhibitions has been brought home to English commercial men on many occasions.* Some of the States maintain, and still more

* Describing the German exhibits at the St. Louis Exhibition, a correspondent of the London *Times* wrote: "The Government has already authorised the expenditure of about four and a half million marks (£225,000), while State Governments, cities, towns, groups of artists, and private firms have perhaps spent as much more. The co-operation between artists, artisans, and manufacturers is shown better than by any other country. The Emperor himself has manifested the deepest interest throughout. He did not confine himself entirely to mere display, as many thought would be the case when Prince Henry was sent to America, but his activity is so much in evidence, and in so many departments, as to give the impression that the exhibits have been made by order. The single mind is seen throughout. The Emperor took great

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subsidise, stationary and travelling exhibitions of industrial products within their own borders. The Grand Duchy of Hesse is one of the least of the States, with a population of under a million and a quarter, and with but a single large town, yet it maintained, and has maintained since 1836—when its inhabitants were only half their present number—a Central Agency for Industry which serves as a national information bureau on industrial and commercial questions. As time grew its functions broadened and for many years it has also controlled the industrial and technical instruction of the State, maintaining a large library and industrial museum and a chemical laboratory, and conducting examinations for masters and journeymen in various industries. In 1906 the Central Agency had 136 technical schools under its care, being more than one to every thousand inhabitants. Würtemberg, in proportion to its population and wealth, does even more for industry and commerce on much the same lines, though every State has national institutions which by different means achieve the same ends. The general question of technical instruction will be treated separately.

Nor is the Emperor's direct encouragement wanting. Witness the following appeal to national pride and ambition spoken by him at Memel so recently as September, 1907:—

"The powerful, surprising, and almost incomprehensibly rapid progress of our newly united fatherland in all domains, the astounding development of our trade and commerce, the magnificent inventions in the domain of science and technics, are a result of the reunion of the German races in one common fatherland. The more we are able to wrest for ourselves a prominent position in all parts of the world the more should our nation in every class and industry remember that the working of Divine Providence is here manifested. If our Lord God had not entrusted to us great tasks He would not have conferred upon us great capacities."

Industry, commerce, and shipping all owe much to the encouragement which the Emperor has given them. There is not an industry whose conditions he has not studied by re-

pleasure in inspecting several of the exhibits, and they were set up in museums to enable him to see them. He made himself familiar with many of them in a way that perhaps no other ruler or public man in the world has seen fit to do. The result is notable in many respects."

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peated visits to prominent works all over the country; he knows every shipbuilding yard on the coast, and he has followed the growth of the mercantile marine with close interest. As he speeds his ships of war across the ocean, the Emperor is not slow to avow that the protection and extension of German trade are a chief concern of the navy; when a great shipping firm launches a new ocean greyhound, an Imperial telegram of congratulation will reach the guests at the luncheon-table; and it is only a short time ago that by special favour he allowed one of his naval adjutants to join the board of directors of the largest of the Hamburg lines.

While, however, the State is never slow to encourage national enterprise, the mercantile classes have not lost the spirit of self-reliance. In its dealings with the railway and with all Government authorities the trading world is greatly helped by the admirable Chambers of Commerce which exist in all the large towns and industrial districts. A short time ago the announcement was published in English newspapers from Washington that the United States Secretary of State had "decided that it will be impossible to accept statements by British Chambers of Commerce as *primâ facie* evidence as to the value of exports to this country, as can be done in the case of similar organisations of Germany under the new regulations, and the reason of this is that the German Chambers are quasi-official organisations, while the British are not." It is not correct to say that the German Chambers of Commerce are even partially official in character if by that be meant that they are in any way Government institutions. They are, however, in continual contact with the Government, which indeed consults them upon all questions directly affecting the interests of commerce, and for this reason, as well as because of their representative constitution, they carry great weight.

Each State has its own Chamber of Commerce Law, though the basis, constitution, and general mode of operations are in all essential details everywhere the same. A Chamber of Commerce is elected by the whole of the registered trading firms in a district, and its funds are as a rule derived from a small tax upon these firms, forming a percentage of the trade or occupation tax (*Gewerbesteuer*) which they pay to the local commune for its administrative purposes. In its inner govern-

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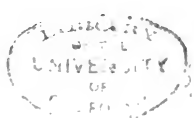
ment a Chamber of Commerce is independent of outside influences. The presidency it usually a rotating honour shared in turn by the leading members of the industrial and mercantile community, executive and committees meet periodically, but most of the practical work is done by permanent officials, the number of whom depends upon the size of the town and the importance and wealth of the industries represented. Thus a powerful Chamber of Commerce like that of Berlin has a number of separate departments each under an expert, dealing with subjects like customs duties and taxation, traffic arrangements and transport charges, export trade, patents, banks and finance, and legislation, and it is the business of the responsible official to know all that is to be found out upon every phase of the subjects under his care. Being in close and continual contact with the life of trade, being in fact its very eyes and ears, the Chambers of Commerce are able to render to the business classes invaluable service, and as a means of communication between these classes and the Government and other official bodies they perform functions of great importance. They are essentially practical, working institutions, never appealing to the public, as a rule keeping aloof from politics, yet even if tempted now and then to take sides in their annual reports for or against the fiscal policy now in the ascendant, doing so as a pure matter of business and not as one of partisanship; and for the rest using every opportunity of defending and furthering the economic interests entrusted to their keeping. For example, the Berlin Chamber of Commerce has just published a handbook telling commercial travellers everything they need to know about the commercial laws and usages, railway regulations, customs regulations, &c., of all civilised countries in the world. The use and value of these Chambers of Commerce cannot be more forcibly proved than by the fact that in their several towns and districts the foremost leaders of industry find time, and think it worth while, to take an active part in their deliberations.

In many towns the ordinary Chambers of Commerce are supplemented by Industrial Associations in which manufacturing interests are specially represented, though in so far as these associations seek to enlist the co-operation of the working classes their success is nowadays less marked than fifty years ago, when the relations between capital and labour were less



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strained. It is no uncommon thing for the entire technical instruction arrangements of a town to be dependent upon societies of employers, and in Berlin much of the best work in this direction is still done under the direction and at the cost of the old Corporation of Merchant Elders. Permanent exhibitions of industrial and art-industrial works organised by such societies are to be found in all large towns.

Foreign trade is specially promoted by the existence of Associations of Export Firms in many of the large industrial towns, especially of Prussia and Central Germany, which maintain agents who represent various undertakings in countries the trade with which does not justify the sending out of special travellers, and which keep their members well posted as to arrangements for the transport of goods, tariffs, and other charges, and conclude collective arrangements where possible with shipping firms at special rates. A short time ago the great industrialists established a Central Information Agency for Foreign Trade.

A striking illustration of the German merchant's consuming zeal in the prosecution of the industrial conquest of the world is afforded by a unique society which has now existed at Stettin for over thirty years. Directly the Empire was established, the wide-awake merchants of that thriving port drew the conclusion that their chance of fame and fortune had come, and that it would be their own fault if it was allowed to slip by. A Commercial Association was formed for the purpose of promoting local trade, but also for equipping the rising youth of Stettin with such mercantile knowledge as would enable it to go abroad and work in the interests of the town. After undergoing suitable preparation likely young men were despatched to the British Colonies, the United States, and other countries, charged with the mission of furthering the trade of Stettin, by sending home periodical reports and generally touting for business; and towards the cost of outfit and of maintenance until he could settle down each received the sum of £75. The rules of the Association provide, in fact, that "those members who receive a grant shall give a solemn promise, accompanied by grasping the hand of the president, that they will conduct themselves as worthy of the confidence and trust placed in them by the Association, and that they will make every effort to obtain as

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much information and knowledge as possible, to be employed and utilised to the benefit of the Stettin trade." Since the Commercial Association was formed, a multitude of commercial pioneers of this kind have been sent by Stettin to the great purchasing countries across the ocean, and that the merchants of Stettin are satisfied with the results is conclusively proved by the fact that the enterprising society still lives and carries on its novel work to-day.

The whole theory of trading as understood in Germany is that if business is worth having it is worth seeking. To suppose that the two hundred million pounds of trade (manufactured goods alone accounting for one-half), which have been added to their exports during the last quarter of a century have simply fallen into the laps of German manufacturers, without thought or effort on their part, would be to misunderstand entirely the secret of Germany's success. All the trade which has been gained in competition with other countries had to be wooed before it could be won, and Germany did its suitorship in person and not through the post. The value which belongs to direct representation abroad is best understood by the great firms, though it is a commonplace of the entire trading world. It is not surprising that the Essen cannon works should have spokesmen and touters at every seat of government, but there are plenty of enterprising engineering companies, whose productions have to compete with those of a hundred rivals, which maintain the same system of worldwide agencies. One of those, working from North Prussia, has a hundred independent offices or direct representatives in foreign countries.

For some time a Colonial School established by private enterprise, but with State encouragement, has been carried on in Berlin for the purpose of affording special instruction to young men desirous of settling in the German colonies, either as agriculturists, planters, or merchants. Such instruction is given to residential pupils for the small sum of from £40 to £60 a year, and to non-residential pupils for from £15 to £30 a year.

This, then, is the rival whose energies have in recent years been so successfully exercised in that sphere of industrial and commercial enterprise which we had been accustomed to regard as peculiarly our own, and these are some of the methods by

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which it has fitted itself for the competitive task. England must not expect either that the efforts will be relaxed, or that the methods which have been employed to such signal purpose will be abandoned, unless, indeed, for others still more effective. While, however, Germany is no longer a force to be neglected, it is also not a force that must of necessity be feared, so long as it is encountered with at least equal weapons of skill, determination, and resource.

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CHAPTER VI

TECHNICAL EDUCATION

Value of technical education in the service of industry—Moderate cost of German technical schools—The schools of Saxony cited: their number, variety, and age—Reliance upon private effort and sacrifice—Enthusiasm for technical education in Saxony—Emulation shown by the schools.

GERMANY had no sooner begun its career as an industrial export country than it felt at once the full benefit of the system of education which it had adopted long before most of its rivals had learned to regard public instruction as a serious affair of the State. Thirty years ago, when industry stood on the threshold of a new era, destined to prove more brilliant than any in the past, when the incalculable value of chemistry as a marketable science was beginning to be recognised, and electricity was proving its illimitable possibilities as an economic agent, Germany more than any other European country found itself fully equipped by education for entering upon a fierce competitive struggle, under entirely new conditions, for the commercial mastery of the world. Its technical colleges turned out, as by word of command, an army of trained directors, engineers, and chemists, armed with the last discovered secret of science and with her last uttered word concerning the industrial processes and methods which henceforth were to hold the field. In the same way its elementary schools—in which, in Prussia and Saxony at least, compulsory attendance and free instruction had been in operation for the greater part of a century—held in readiness for its factories and workshops an unlimited supply of intelligent workmen, who had not only acquired a liberal education, as elementary education goes, but who, even as apprentices, brought to the exercise of their crafts a useful

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grounding in technical knowledge and often a certain manual dexterity gained in the continuation or the professional school.

Germany's advantage in this respect was immense, and it explains more than any other cause the rapidity and stability of its progress. What is remarkable is the fact that while these preparations for the coming industrial struggle were being carried on in the eyes of the whole world, the whole world ignored them. And yet the best of Germany's large technical schools go back fifty and sixty years, and many of them are more than a century old. To-day these schools are legion, for they are found in all the large towns and not infrequently in very small ones, and they cover the entire range of industry and industrial art.

Nor is the cost of technical instruction at all proportionate to the work done. Megalomania has been the bane of not a few institutions of the greatest public advantage in England. We are apt to assume, as a matter of course, that large ideas must of necessity be realised on a large and ambitious scale. Prodigious expense is the first consequence of this assumption, and failure, or at least limited success, is often the sequel. Germany possesses a multitude of technical colleges and schools of unsurpassed proportions, but expense is not allowed to tyrannise over utility. One will never find ornamental figure-heads in these institutions. The teachers are all severely practical, and the very best talent is obtainable—with no suspicion on either side of hunger pay—on terms which would be scouted as humiliating in England as professional expectations are in these days. What would be thought in this country of the managers of a large technical college for the building trades who offered a salary of £210, rising to £310, for the exclusive services of an architect, with university education, to have under his charge the departments for building construction, building materials, architecture, stone-cutting, draughtsmanship, and ornamental writing; or a salary of £175, rising to £260, for an engineer, also university trained, to have charge of the departments for building construction, building materials, mathematics, physics, geometry, statics, surveying, &c.? Such scales of remuneration of skilled service, which are, of course, instanced from real life, would with us excite the indignation of the professional Press, and would probably lead to questions in the House of

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Commons. But in Germany men of the highest competency can be secured in any number for the best of the technical schools at moderate remuneration, because the standard of professional salaries is nowhere high, and also because there is always a large and ready market for service of the kind, the result of which is an ample supply. These facts do not, of course, prove that English professional men are paid beyond their deserts. What they do prove is that technical institutions in Germany enjoy in this respect special and very important advantages. They are easier to establish and easier to maintain.

The larger technical agencies apart, however, invaluable results are often achieved by the simplest and most inexpensive means—by the humble village class conducted in the winter evening hours by the light of the oil lamp in the low-roofed schoolroom; by the travelling exhibition of samples of skilled handicraft which sets provincial ambitions aglow; by the itinerant teacher who carries a vitalising store of rudimentary technical knowledge from hamlet to hamlet and from farmhouse to farmhouse in the sequestered mountain districts where home industry is the main support of the population during half the year. For the most impressive fact about technical education as developed in Germany is its comprehensiveness; it is applied to every occupation in which it is better for a workman to have it than be without it.

Almost any one of the larger States might be taken as an example of this deeply-rooted national belief in the value and necessity of technical training, for each has its special characteristics. Perhaps the best known technical institutions are in Prussia—institutions like the Royal Technical College at Charlottenburg, with its staff of several hundred teachers, and the School of Weaving at Crefeld—yet Saxony, Bavaria, Würtemberg, and Baden have all distinguished themselves in this branch of education. As the technical schools of Saxony, however, depend to an exceptional degree upon the self-help of the towns and the industries they serve, they will possess special interest for English readers, and a brief account of them is given here.

In Saxony, almost more than in any other German State, technical education may be said to have passed into the very life of the land and its people. And this is not surprising, for

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the oldest technical school goes back to the middle of the eighteenth century—the academy of mining at Freiberg, dating from 1766. Three years later the principle of obligatory education was introduced in Saxony, though it was not until 1805 that it was systematically enforced. Chemnitz had a school of industrial design as early as 1796, and early in the nineteenth century the first three schools for lace-makers were established, while the town of Annaberg originated the system of industrial continuation schools in 1823, being imitated by Zwickau in 1828, and by Chemnitz in 1829. All the best of Saxony's technical institutions, indeed, have a long career of usefulness behind them.

At the present time, disregarding altogether the regular schools—primary, continuation, middle, and higher—there are in this comparatively small country, upon a moderate computation, no fewer than 360 special schools which are exclusively engaged in the imparting of technical knowledge of one kind and another. The population of Saxony was in 1905 four and a half millions, so the average of one systematic technical school to every 13,000 of the inhabitants, adult and juvenile, is an extremely creditable one. It may be noted that Saxony has little more than one-fourteenth of the population of the Empire, yet its increase since 1871 has been greater in proportion than that of any other State, except the Free Cities of Hamburg, Bremen, and Lübeck. Between 1871 and 1905 the population of Saxony increased by 76·4 per cent., that of Prussia (with Berlin thrown in) by 51·1 per cent., that of Bavaria by 34·2 per cent., that of Würtemberg by 26·6 per cent., and that of Baden by 37·6 per cent.

It is particularly to be noted that Saxony's wonderful network of technical agencies is not a forced and artificial growth, is not a species of pedagogy thrust upon an unwilling people by a patriarchal Government. It is emphatically the result of a spontaneous desire and enthusiasm for technical education; hence it owes its existence overwhelmingly to the initiative and independent action and sacrifice of the people themselves. Before ever the State seriously troubled itself about technical schools, these institutions existed in large numbers and were doing a great work. In the matter of patronage and support the Saxon Government has throughout gone upon a method of its own, and

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a method which is radically different from that followed in Austria, which otherwise has offered Saxony and other German States much helpful experience. As far as possible the establishment of technical schools is allowed to proceed naturally from felt needs, and those who feel the need are encouraged to supply it as far as possible, for it is held that these schools, if they are to succeed, must be kept as closely as possible connected with practical life, which means that practical men must from first to last have the handling of them. Only where, from exceptional circumstances, the requisite power of initiative is lacking, or where universal and not merely local interests are at stake, does the State presume to enter in with its categorical fiat. Yet when it orders the provision of schools it still relies as far as possible upon local and interested effort.

Who, then, establish these schools? It all depends upon their character, for custom has gradually set up the rule that the type of school very largely conditions responsibility for its parentage and after support. Thus the Trade Schools (*Handelsschulen*) are very largely in the hands of merchants and the manufacturers' associations, differently named. Of the 61 schools of this kind, 55 were established by these bodies, while five are in private hands, and six are municipal institutions. So, too, the Industrial Schools (*Gewerk-* and *Gewerbeschulen* of many kinds) are in the main the result of private associated effort. Of a total of 135 such schools, 107 have both been established and are conducted by Trade Guilds and other associations, while 23 are municipal, 17 are private, and the rest are State institutions. In the same way, 30 of the 46 Industrial Continuation Schools (a technical differentiation of the Continuation Schools proper, which are not here considered), owe their existence to Trade and Industrial Associations; one is private, and 15 are in municipal hands.

On the other hand, most of the higher technical schools, whether purely industrial or art-industrial, are State institutions, for here larger outlays than private bodies could well be expected to incur are necessary; while many of the schools which encourage the rural house industries could never have been called into existence owing to the poverty of the populations concerned, had not the Government wisely taken the initiative. It follows, of course, that in the making of the annual grants towards the

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maintenance of technical schools other than those entirely dependent on the national exchequer, the Government scrupulously follows the same principle of requiring trade societies and private individuals to do all they can and should. For easily understood reasons the Agricultural Schools receive fairly liberal grants, while the Industrial Schools receive less, and the Trade Schools least of all. The last are mostly found in towns, and the merchants and manufacturers are ready to support the schools liberally, knowing by experience their great value. The Trade Guilds not less loyally support the Industrial Technical Schools for the same reasons. So much is expected from private sources, in fact, that the State is endeavouring to draw more into the background than hitherto, not because of any slackening of interest, or of any diminution in the need for schools, and schools of a high order, but because it is believed to be a wise policy to encourage the industrial and commercial classes to do all they can to help themselves. Probably this method would not succeed generally; yet it has succeeded wonderfully well in Saxony, which, but for its adoption, would not occupy its enviable position of prominence in technical education.

The following analysis of Saxony's technical schools is based upon the returns for 1904, the latest issued by the Saxon Education Department.

The schools may be divided into five principal groups. There are (1) the Higher Schools or Colleges; (2) the Art and Art Industrial Schools; (3) the Industrial Schools proper, with their adjuncts the Industrial Continuation Schools; (4) the Commercial or Trade Schools; (5) and the Agricultural Schools.

(1) It is the object of the Technical Colleges to afford the highest possible technical instruction, both theoretical and practical, and it is for this reason that the State has undertaken the greater part of the cost of this branch of Saxony's educational system. At the head stands the Technical College o Dresden, founded as a polytechnic school so long ago as 1828 and placed upon its present basis in 1871. It has five departments, devoted respectively to (*a*) architecture, (*b*) civil engineering, (*c*) machine construction and electrical engineering, (*d*) chemical industries; with (*e*) a general department for mathematics, natural science, political and social science,

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philosophy, philology, &c., and for the training of teachers in technical sciences, mathematics, and physics. It had in 1904 a teaching staff of over sixty, and its students exceeded 1,100, only 58 per cent. of whom, however, were Saxons, while 22 per cent. were non-Germans, a testimony to the excellence of the instruction imparted. The great majority of students come from the modern higher schools, few from the classical higher schools. The college is admirably equipped with a library and forty collections of models and drawings relating to the various departments of instruction. For the encouragement of deserving talent in needy circumstances and of scientific investigation, nearly £1,700 a year is granted in exhibitions, gratuities to poor students, and in contributions towards the cost of scientific journeys and excursions.

To the higher technical schools belong also the Veterinary Academy at Dresden (founded 1780), the Mining Academy at Freiberg (founded 1766), with 25 teachers and over 400 students, of whom only 59 are Saxons and 145 Germans; and the Academy for Forestry at Tharandt (dating from 1811, and conducted by the State since 1816), whose chief object is the training of skilled men for the service of the State forests, though private students, among them many foreigners, attend in large numbers. All these schools have valuable libraries and collections. The Mining Academy especially enjoys international fame, for in addition to most European countries the United States, Africa, Asia, and even Australia, send students. Finally there belongs to this group a Leipzig institution of recent origin, the Commercial College, founded in 1898 by the Chamber of Commerce of that town. Its purpose is the training of young men, who have already passed through the higher schools, for a commercial career, and in 1905 its students numbered 637, more than half of whom were foreigners.

(2) The Art and Art-Industrial Schools are admirable in their way. There are five higher schools of this kind—three at Dresden (one dating from 1705 and another from 1814), one at Leipzig (1764), and one at Plauen (1877)—with nearly 1,400 students in the aggregate in 1904, and costing £32,400, of which the State paid £30,000. Each of these schools works on much the same lines as the South Kensington Department. As an evidence of the close touch which is in this way preserved

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between art and industry it may be noted that of the 2,340 students who passed through the Dresden Academy during a period of 23 years, 587 were painters and designers in connection with various industries, 211 were carvers in wood and stone, art turners, stucco workers, and stone masons, 702 lithographers, 279 wood engravers, and 86 printers and bookbinders. The Plauen school is carried on for the special benefit of the textile industry, and in connection with it there are a textile museum, a technical library, and a collection of samples. From these travelling exhibitions are periodically formed and sent amongst the industrial towns of the textile district, and the result has been the establishment in several of the larger places of permanent exhibitions, which are replenished by the frequent exchange of new articles from headquarters.

(3) At the head of the Industrial Schools are several of an advanced kind. The chief are the old-established State Technical Institutes at Chemnitz, viz., five different schools devoted respectively to (*a*) architecture and the mechanical, chemical, and electrical industries; (*b*) the building trades; (*c*) machine construction, including the training of overseers for the mechanical and electrical industries; (*d*) a school of industrial design; and (*e*) a school of dyeing.

Of these schools the oldest is that of industrial design, dating from 1796, but two others date from 1836 and 1837 respectively. The teachers in 1904 numbered 55 and the students 759, a large portion of them non-Saxons. The State contributed £12,350 towards the total cost of £16,300. There are also the Municipal Industrial School at Leipzig, with special departments for machine construction, printing, joinery, upholstering, and locomotive driving, and with 1,387 students in the aggregate in 1904; the Mittweida Technikum (1867), comprising a mechanical engineering school and an overseers' school, and having 1,500 students, of whom over a third are non-Germans; the School of Engineering at Zwickau, with 264 students in 1904; the Limbach Technikum, with three departments and 110 students; the Hainichen Technikum, the Riesa Technikum, the Dresden Technical School, and the Dresden and Bautzen Municipal Industrial Schools. Most of these schools have valuable collections of models, &c.

Next in rank come State schools for the building trades at

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Dresden, Leipzig, Chemnitz, Plauen, and Zittau, all dating from over sixty years ago, and carried on during the winter months only; three mining schools, one a State institution; a series of weaving and embroidery schools (26 in number), some going back to 1830 and very few of modern origin, and amongst them regularly training 2,500 students; then seven State Schools of Navigation intended for the boatmen of the Elbe; and finally an imposing array of 98 Technical Schools (*Fachschulen*), distributed all over the State, devoted to special local industries, handicrafts, and trades, and instructing in 1904 no fewer than 8,000 students.

In this group of schools may also be included 13 schools of painting and drawing, intended for the special benefit of the toy industry, and attended in 1904 by 730 pupils, also the courses of instruction given by the factory inspectors to stokers and engine drivers in various centres, which change from year to year.

(4) The schools of the fourth group, the Trade Schools, in number 61, owe their origin and their success, which is great, to the enterprise and liberality of the Commercial Corporations and Associations, and of the members of the merchant class individually, for communal action is here very rare. These schools are specially intended for apprentices—for the merchants of the future. There is no technical instruction in the common sense of the words, and manual teaching is altogether absent. Attention is rather centred on book-keeping, caligraphy (be it understood in its etymological sense), mercantile correspondence, mercantile geography and history, stenography, modern languages, the rudiments of political economy, and such other subjects as are comprised in the convenient term "commercial science."

(5) There is, lastly, the group of agricultural and horticultural schools, 13 in number (10 of the former and three of the latter), and containing several of national and even of Continental fame. They have all been established by associations of farmers and gardeners respectively, and their students numbered 858 in 1904.

At none of the schools to which reference has been made is attendance compulsory, yet in reality an indirect pressure is exerted. It happens in this wise. Since 1893 compulsory

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attendance at a continuation school has been legalised in Saxony, which was the second State in the German Empire to adopt this epoch-making act of coercion. For three years after leaving the primary school, that is, from the age of 14 to 17, boys and girls must carry on their education in an advanced night-school. With a view to economy of time, however, they are given the option of passing these three compulsory years in a Technical School instead. Many go at once to Industrial or Trade Schools, while others pass their compulsory years in what are known as Industrial Continuation Schools, a type of school which the Education Law of 1873 called into existence. These schools were 46 in number in 1904, and were attended in 1904 by over 9,000 scholars.

So far is this law from being regarded as a hardship, that in in general the students who come under it attend school most willingly, and often continue there long after their legal duty has been fulfilled. Practically all the more intelligent and persevering students of the continuation schools pass on, without any pressure, into the Industrial Schools, which have as a consequence greatly increased in numbers and popularity since 1893. Compulsion has, in fact, been such a success in Saxony that it could probably now with perfect safety be dispensed with, and in practice the educational authorities do place far less reliance upon the rigours of the law than upon the fostering of a spontaneous desire to learn, and know, and excel.

Such is the many-sided system of technical education which Saxony has in the course of years, and by a vast expenditure of wisely directed effort, brought to a degree of excellence which may well excite both the envy and the admiration of rival industrial countries. I heard much, when discussing the subject in Dresden at the Ministry of Education, of the means adopted by the Government for obtaining from the Technical Schools the best results. While the last word is always said by the Ministry above, there is no wholesale treatment. Freedom of movement, within wise limits, is studiously fostered. "We introduce less regimentation (*reglementiren*) in our schools than is the case in Prussia," I was told by the Director of this Department: "as far as possible we let them alone, only taking care to spur them to emulation; and that, with our intelligent Saxon folk, is quite enough." A feature of this plan of

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encouragement is the publication every five years of a complete register of the schools, recording what they have done or failed to do, and awarding praise without stint for the praiseworthy, while turning the fierce light of comparison upon the backward. The effect has been found to be eminently stimulative. The same practical spirit is shown in the selection of teachers. Stress is, of course, laid upon proved efficiency, and as far as possible attractive salaries are offered, with a view to securing the best available talent; yet a very considerable degree of laxity is purposely allowed in the requirement of formal certificates of efficiency of the usual examination order, on the ground that in the lower technical schools it is practical ability rather than any encyclopædic knowledge of theory that is needed. Nor is the system of Government inspection grievous. The local managing bodies are expected to exercise needful supervision, and supreme control is exerted through a single inspector, though lately several sub-inspectors have been appointed. Another means of promoting friendly rivalry is by the holding of periodical exhibitions of students' work. These exhibitions are not intended so much for the general public as for the schools themselves and their teachers. Hence all schools are encouraged, and are even expected, to take part, whether their proficiency be great or small. "There are no parade horses at our exhibitions," said the Director expressively. The object, in fact, is not to create a spectacle, but to produce solid results.

It is worth notice also that while in theory, and to some extent in practice, the higher technical schools are open to all comers, the shrewd Saxon has of late years come to look with a certain suspicion, if not disapproval, on foreign pupils. "Formerly," I was informed, "all were welcome. 'Let everybody come,' we said: 'the world is wide, and we have plenty of room.' But we say that no longer." The fact is that every pupil is regarded as a possible commercial rival, and in Saxony there is no disposition to ride the hobby of free competition to the death. Hence a certain coldness on the part of the authorities toward the "outlander," who is no longer invited as of old to share at the board of knowledge on equal terms, but is invariably required to pay double or even treble fees. But even when he thus pays he would appear, judging by his numbers, to be well satisfied.

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CHAPTER VII

CAPITAL AND LABOUR

The relations between capital and labour—The legal status of labour and its organisations—The trade unions and their membership—The Socialist organisations—The Christian (Roman Catholic) and Hirsch-Duncker organisations—Revenue and expenditure—The "free labour" unions—Trade unions as fighting organisations—Strikes and their result—Progress of labour—Future of trade unionism—The Socialist Press—Loyalty of trade unionists to their leaders—An exception to the rule—Trade union contributions—Smallness of official salaries—The workmen's secretariates—The attitude of capital to labour—The industrial princes of Rhineland-Westphalia—Their hostility to trade unions—The Westphalian miners' strike in 1905—Organisations of employers—The bitterness of the struggle—A better feeling in the South—Insurance against strikes and lock-outs—Present phases of the labour movement—The agitation for higher wages and shorter hours—The ten-hours day predominant—Attitude of the Imperial Government—Labour policy of the State and municipal authorities.

A SHORT time ago there took place, between the special organ in the German Press of the employers of labour and the official organ of the Social Democratic party, an exchange of views which clearly brought out the differences between capital and labour in Germany. The *Arbeitgeber-Zeitung* (*Employers' Gazette*) had published an article upon the agreements for the adjustment of disputes which exist in the British engineering and shipbuilding trades. It pointed out that by these agreements "the trade unions recommend their members not to refuse to work with non-unionists, and the employers' unions recommend their members not to refuse to employ workmen because they belong to unions. No workman shall be required to say whether he belongs to a union or not." "Is there," it added, "a German trade union which would subscribe to such an agreement, though it is not in all respects what German employers

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regard as desirable?" To this challenge the leading Socialist labour journal, the *Vorwärts*, replied: "Such an agreement as the one referred to would be signed by every German trade union without hesitation, since it prohibits the employer from penalising workmen for belonging to organisations. At the moment of writing we receive news that 'The porcelain workers of —— have been locked out because they have not complied with a demand that they should withdraw from their union.' And that proceeding is typical of German conditions. Lock-outs for the same cause are of daily occurrence with us."

Now, neither German employers nor German trade unions are as black as they are generally painted by each other. Nevertheless, the fact remains that the relationship between capital and labour is one of extreme tension, and in some industries of extreme bitterness. Organisation on the one side has been answered by combination on the other, until it is literally true, as the *Norddeutsche Allgemeine Zeitung* asserted recently, that "The employers have been welded into a weapon-brotherhood, regardless of their competitive relationships," so that, in some of the large industries at least, they "present to-day a closed phalanx."

For a long time to come no factor will be so important in determining the conditions of labour as trade unionism, and its power and pretensions deserve study.

It seems desirable to refer briefly, by way of introduction, to the legal status of labour and its organisations. In regard to the right to combine for the defence of economic interests a valuable safeguard is secured to the majority of wage-earners—not, however, to State employees, agricultural labourers, and domestic servants, who possess no right of the kind—by Section 152 of the Industrial Code, which declares that "All prohibitions and penal regulations against industrial employers, industrial assistants, journeymen, or factory operatives regarding agreements and combinations for the purpose of obtaining more favourable conditions of wages and of work, particularly by means of the suspension of work or the dismissal of workpeople, are repealed." The provision constitutes a defence of strikes and lock-outs, though this unrestricted right to combine for economic ends does not apply to political or even public affairs.

But in judging the liberty which the working classes enjoy of furthering their interests by the method of the strike it is not

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sufficient to state the bare letter of the law. So much depends on the application of the law by courts and judges, and such a variety of interpretation and usage prevails, that it is only by the examination of judicial decisions that the actual state of the law can be learned. The method of exclusive dealing is largely resorted to by the working classes in the assertion of their economic claims. There exists, indeed, no legal right to proclaim an embargo upon an industrial undertaking in which employer and workpeople are in conflict, yet it has been found that the same end can be attained by the employment of ingenuity in phrasing, and in practice the law has tacitly tolerated the unacknowledged yet no less effective "boycotting" (the word was long ago naturalised in the German vocabulary of labour) of employers and public places of assembly (like meeting-halls and licensed premises) obnoxious to the workers, though here, too, there are exceptions according to the practice of the various States and tribunals. For example, the mere threat of a strike or a "boycott," in the event of an employer not falling in with conditions proposed by his workpeople, has been punished as a misdemeanour under the provision of the Penal Code which forbids the use of force or menace with the object of "procuring illegal pecuniary advantage." In isolated cases courts of law have even interpreted the summary demand of higher wages in this sense, and workpeople have frequently been convicted for having appealed to their colleagues in open meeting to cease work without giving notice. On the whole it may be said that the law of combination is more liberal than its interpretation by the courts and the police, so that in practice the German working classes cannot be said to conduct their class struggles on equal terms.

Their organisations fall into three principal groups—the "Free" or Social Democratic group, the Hirsch-Duncker or Radical group, and the Christian or (for the most part) Roman Catholic group. There are, however, small independent groups, notably the "Yellow" organisations, which have been promoted and subsidised by the employers, on "Free Labour" lines, as understood in England, and the lately established "Patriotic" or "National" organisations. All these types of unionism will be dealt with in order. The unions in which the Poles combine do not call for detailed reference. They are purely national and

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are found for the most part in the colliery and iron districts of Rhenish-Westphalia. Although Roman Catholics, the Poles have greater social affinity with the Social Democratic than the Christian organisations; it has proved impossible, however, to induce them to join either in large numbers. On labour questions, as on all others, they set themselves apart and go their own way. The whole of their unions are understood to have a membership of a hundred thousand, but the tie is a loose one and is dictated more by racial than economic motive.

The German trade unionists proper were classified as follows in 1905 and 1906:—

	1905.	1906.	Increase.	
			Absolute.	Per. Cent.
Socialist ("Free") Central Unions	1,344,803	1,689,709	344,906	25·6
Socialist Local Unions	27,736	13,145	(− 14,591	− 52·6
Hirsch-Duncker Unions	117,097	118,508	1,411	1·2
Christian Unions	265,032	320,248	55,216	20·8
Independent Unions	65,262	73,544	8,282	12·6
Totals	1,819,930	2,215,154	+ 395,224	+ 21·7

"The three principal groups of German Trade Union organisations," said a German writer recently, "represent together the most powerful, most numerous, the best organised, the most militant, if not the most wealthy, labour army of which we have any knowledge, though in political views these great organisations are diametrically opposed." Nevertheless, the German trade unions, though collectively stronger in numbers than the English unions, do not yet contain so large a proportion of the industrial workers as the latter, or indeed the unions of several other European countries, such as Denmark and Sweden.

The Socialist or "Free" organisations naturally give the lead to the entire trade unionist movement. So strong have they become during recent years that they now embrace nearly 80 per cent. of the organised workers of the country. In 1890 their aggregate membership was only 277,659, but during the past five years their growth has been strikingly rapid, as the following figures show:—

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Year.	No. of Members.	Annual Increase.	
		Absolute.	Percentage.
1902	733,206	55,696	8·2
1903	887,698	154,492	21·0
1904	1,052,108	164,410	18·5
1905	1,344,803	292,695	27·8
1906	1,689,709	344,906	25·6

At the beginning of the year 1907 the "Free" unions had a membership of 1,798,000. The increase during five years had thus been 1,064,800, equal to over 145 per cent. The membership of the principal trades was as follows in that year: building trades, 382,567; mineral and metal industries, 378,555; textile industry, 111,532; commerce and transport, 122,511; miners, 110,247; clothing industry, 91,273; wood industry, 170,232; food and drink industries, 88,055; stone and earth industries, 57,840; polygraphic (printing and allied) trades, 77,889; and paper and leather industries, 47,125. During 1906 thirteen unions had each an increase of over 5,000 members, seven had an increase of over 20,000, four one of over 30,000, and one an increase of 75,000. It is likely that if the present rate of increase continues the "Free" unions will in several years have a membership of two and a half millions. The unions are grouped in Federations, of which there were 64 in 1906, and in the large towns these Federations have central offices, combining union offices, inquiry agencies, labour registries, reading-rooms and libraries, lodging-house, restaurant, &c. One of the latest of these central institutions, at Leipzig, cost £50,000.

The "Free" trade unions have also of late years made considerable progress amongst women, of whom 118,908 were organised in 37 unions in 1906. The textile-workers' union alone had 37,020 female members, the metal-workers' union had 13,305, the tobacco-workers' union 12,883, and the general factory-workers' union 10,736, next to which the unions with the largest female membership were those of the bookbinders, shoemakers, linen-makers, printers' assistants, tailors, wood-workers, and shop assistants.

The "Free" central unions had a revenue in 1906 of

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£2,080,000, and an expenditure of £1,848,000, and their accumulated funds were £1,266,000. In 1891 the revenue per member for all purposes was only 6s. 8d., in 1895 it was 11s. 6d., but in 1906 it was £1 4s. 7d., while the accumulated funds have increased from 2s. 6d. to 14s. 7d. per head.

These unions have throughout kept in close touch with the political movements of Socialism, and this association has been of immense help in recruiting their members. The great majority of the members are undoubtedly convinced Socialists, so far as conviction can be said to go, in an attachment which is based far more on feeling than reason, yet a considerable section identify themselves neither with the Socialist party nor with Socialist principles. It is significant that while the members of the Socialist trade unions numbered nearly a million and three quarters in 1906, the Socialist political party only numbered a little over half a million registered and subscribing members, including adherents other than manual workers, of whom there are many. The Socialist unions of Berlin alone had a quarter of a million members, but the "politically organised" Socialists of that town only numbered 78,000. A short time ago the Socialist Trades Federation of Danzig inquired of its 4,000 members how many were "politically organised," and of those who replied only 8 per cent. so described themselves.

The explanation of this apparent inconsistency is that a large number of workmen are drawn to the Socialist trade unions because they are the most energetic, most vigilant, most resourceful, and at the same time most uncompromising, in promoting the interests of labour, and because their large funds and unequalled machinery enable them to offer to the working classes advantages which are not offered in anything like the same degree by the other organisations. Thus the Socialist Working-men's Secretariates or Advice Agencies which are found in most large German towns are altogether superior in usefulness to the rival agencies of the same kind which, in far smaller numbers, are carried on by the Hirsch-Duncker and Roman Catholic organisations.

German trade unions classify themselves as "Gewerkschaften" (the Socialist and Christian unions) and "Gewerkvereine" (the Hirsch-Duncker unions). The first trade unions

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to be formed were of the latter kind and date from 1868. They owed their existence to Dr. Max Hirsch, an influential member of the Radical Parliamentary party, who had found his model in England. They were originally politico-economic organisations and were formed of working men who were more or less in sympathy with Radicalism. Even to-day they resemble the English trade unions most closely, though puzzled by the new movement which in England would appear to be rapidly diminishing the distance between trade unionism and Socialism. They are still closely associated, both in political views and in practical action, with the Radicals of one direction or another, yet on principle they repudiate formal association with any political party and leave their members free, in Frederick the Great's words, to be "saved every one in his own way." "We are a neutral organisation for economic ends, and that we will remain." This standpoint was formally avowed by the last congress of the Hirsch-Duncker unions, and in general the principle of detachment is observed as far as possible to a party which is not one of great numerical or intrinsic strength. These unions on the whole represent the *élite* of the working classes, yet they are not pioneer organisations and they make little progress, their total number being only equal to one year's addition to the Social Democratic unions. Their largest national union is that of the machine builders and metal workers, which in 1905 had 47,112 members, the factory and unskilled labourers' union following with 16,642. They are not exactly a peace-at-any-price party of labour, but they have no love of powder and firearms, and will negotiate long and patiently rather than expose their resources to the decimating influence of active disputes. Their revenue in 1906 was £70,200, their expenditure £67,200, and their accumulated funds £181,000. Two-thirds of their invested funds are ear-marked for sick benefit.

The Christian unions, which are strongest in the industrial and mining districts of Rhenish-Westphalia, where the Roman Catholic Church is paramount, have in the past been still less militant. They may best be described as a compromise between ecclesiastical and economic organisations. More than forty years ago, when an outburst of social fervour passed through Roman Catholic circles in the Rhineland, under the influence of

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Lassalle's convert, Bishop Ketteler, many associations of working men attached to that Church were formed. But they were not aggressive or exclusively devoted to labour propagandism. Their founders and patrons were as a rule priests of popular sympathies, who were concerned lest the Roman Catholic working classes should be drawn into alien organisations. Gradually it was found necessary to broaden the basis of these societies, and more and more to conduct them on the usual trade union lines; yet the tie between the Church and labour has not been weakened, and on the whole the Christian organisations are, even to-day, the most tractable of all the labour unions. On occasion they join hands with the Socialist and other unions when there is a common battle to be fought, but they have no sympathy whatever with the Socialist creed. Thus in the Westphalian coal strike of 1905 the Christian unions, after first hesitating, threw in their lot entirely with the Socialist organisations, and with them fought the battle through. Peace having been secured, the old inter-party bickerings were promptly resumed, and they are now carried on more diligently than ever.

At their annual congress in Breslau in 1906 the Christian unions reaffirmed their basis of operations very clearly when they declared that they entirely accepted the existing political and economic order as "necessary and expedient," yet they demanded for the working classes (*Lohnarbeiterstand*) "a larger influence in the determination of the social order and the conditions of labour." They repudiated the Socialist notion of an inevitable "class war," and affirmed their intention to oppose any unnecessary alienation of the different classes of society. Such a standpoint excites the ridicule of the Socialist, who is profoundly convinced that every man's hand is against him, but it is still in general cordially accepted by the Roman Catholic workers, who are not likely to abandon it save under severe provocation. The Christian unions have at their disposal most of the machinery which the Socialists employ—advice bureaux, funds for all purposes, labour registries, and the like—though the vigour of their various propagandist agencies is greatly restrained owing to the fact that the moderating influence of the clergy is everywhere exerted.

At the end of the year 1906 the Christian unions had a membership of 335,247, of whom 260,040 belonged to the organisa-

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tions affiliated to the Central Federation. The largest of these unions were those of the miners, with 77,000 members; masons and masons' labourers, with 40,000; textile operatives, with 40,000; metal workers, with 30,000; the Bavarian railwaymen, with 25,000; transport labourers, with 15,000; and wood workers and ceramic workers, with 10,000 each. Their revenue in that year was £182,000, and their expenditure £149,000.

The "Free Labour" unions, which, following French usage, are called "Yellow"—the Socialist unions are "Red" and the Christian unions "Black"—are local, and as a rule are subsidised, even when they have not been established, by the large industrial firms, acting independently or collectively. Most of these firms belong to the engineering trade and are willing to pay liberally to the support of organisations which are pledged to keep the peace. For the principal condition of membership is that strikes must on no account be resorted to, and that the right of coalition shall *pro tanto* be surrendered. As a rule these unions are limited to special works. One of the largest, formed in connection with a Bavarian machine works, comprises 74 per cent. of the employees, and the firm contributes £2,000 per annum to its funds. Essentially such contributions are a form of insurance against disputes, but the "Yellow" union movement is too recent to enable one to judge whether it will stand the test of serious differences between employers and employed. If the monetary assistance of the former were withdrawn the unions would not exist a day. It is natural that the "Yellow" associations should not stand in good repute with other trade unionists of any class, and their influence upon the labour movement is so far quite insignificant.

Another and somewhat similar type of trade union, so called, was called into existence in 1905, with the name "Patriotic" Working Men's Union. There is nothing distinctive about the branches of this organisation, except their feebleness, insignificance, and their assumption of special national virtues, which by implication are denied to the Hirsch-Duncker and Christian unions. Seeing that the "Patriotic" union did not think it necessary to come to the relief of the working classes until the old-established unions had a membership of nearly two millions, there is little disposition to treat it seriously, and neither a long nor a useful life is predicted for it.

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More and more the trade unions are becoming fighting organisations, and even the Christian unionists are ceasing to look upon the labour movement with the old apathy. In 1891 the Social Democratic organisations expended on account of strikes and lock-outs the sum of £51,880, but in 1906 this expenditure had increased to £687,421. The expenditure per head in the latter year was 8s. 7d. in the Socialist unions, 3s. 9d. in the Hirsch-Duncker unions, and 3s. 5d. in the Christian unions. During the fifteen years 1890 to 1905 the Social Democratic unions alone were involved in 11,370 strikes and lock-outs, in which 1,401,283 persons were interested, and on these strikes and lock-outs £1,852,640 was expended, divided as follows: Building trades, £575,700; metal industry, £402,500; wood industry, £282,560; clothing trade, £105,370; trade and transport, £107,340; graphic and paper industry, £105,740; food and luxuries, £70,250; ceramic industry, £67,690; leather industry, £28,770; mining, £60,480; textile industry, £130,330; and factory workers, £53,550. Yet other branches of work were not neglected, for during the same period the expenditure in out-of-work pay increased from £3,210 to £132,660, and the sick pay increased between 1895 and 1906 from £22,700 to £164,080.

According to trade union returns, 2,007 finished strikes occurred annually in Germany on the average of the years 1902–1906. These strikes affected 10,297 undertakings, and the number of strikers was 186,671, or 45·2 per cent. of the workpeople in the undertakings concerned, while 12,663 others were thrown out of work. In 1906 there were 3,328 finished strikes, affecting 16,246 undertakings and 272,218 workpeople (39·7 per cent. of the whole), while 24,433 workpeople were thrown out of work. The largest group of strikes was that in the building trade, embracing 1,079 undertakings and 79,076 strikers; then followed the textile industry, with 154 undertakings and 29,215 strikers; the metal-working industry, with 310 undertakings and 22,724 strikers; the mining, smelting, and salt works, with 106 undertakings and 21,391 strikers; the wood industry, with 436 undertakings and 21,141 strikers; and the engineering trade, with 206 undertakings and 19,046 strikers. Of the 3,328 strikes, 2,510, or 75·4 per cent., related, amongst other things, to wages disputes, and 1,019, or

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30·6 per cent., in part to hours of labour. As to result, 18·4 per cent. ended with complete success for the workpeople (against 21·1 per cent. on the average of 1902–6), 45 per cent. with partial success (against 38·2 per cent. during the whole period 1902–6), and 36·6 per cent. with failure (against 40·7 per cent.). Of the completely successful strikes more than 90 per cent. were aggressive. It is estimated that the whole of the trade unions expended on strikes during the years 1896 to 1905 more than one and a half million pounds.

No small part of the progress made by the working classes during the past twenty years, alike in wages and the general conditions of labour, is due to the action of the trade unions. The entire status of labour has been raised, and by general consent industry has been well able to bear the largely increased expenditure entailed by the higher wages and the reduced hours, yet most of the ground won by labour has been severely contested, and without the aid of strong organisation, led by determined men, it would not have been won at all. In Germany, as elsewhere, the weakest organisation is found in the badly paid industries, and it is in these industries that the least disturbance occurs in the relationships of capital and labour. The chemical industry is an illustration of this general truth; in this industry wages are low and strikes rare, and the gradual improvement in the workers' level of earnings is dependent upon the extent to which the chemical industry is affected by the competition for labour. Only the general upward movement of wages levels up the standard in an industry like this, and it is the last to feel the benefit.

In Germany there is a disposition to regard the recent growth of trade unionism as abnormal, and the prediction is sometimes made that directly the relationships between capital and labour become composed the unions will lose their hold upon the working classes and decline. The answer to this is that there is no likelihood, either immediate or remote, of the relationships between employers and employed becoming more harmonious. The trade unions are only just learning their power, and far from the struggle between capital and labour being exhausted, it is merely beginning. Experience, it is true, shows that an important dispute invariably leads to a large addition of members to the organisations which do the fighting on the men's behalf, and that

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with peace a considerable proportion of these recruits fall away. There have been many such disputes during recent years, and the membership rolls of some of the unions affected show as a consequence startling fluctuations. For example, while in the year 1903 101,281 new members joined the Socialist Metal Workers' Association, 69,988 withdrew from it. So, too, the Christian Miners' Union had 43,400 members when the Westphalian strike of 1905 began; before the strike ended its membership had grown to 80,000, but the dispute had not long been settled before the number fell to 47,000. The significant thing is, however, that the growth of trade unionism has been steady and persistent in spite of violent fluctuations in individual unions, and this will in all probability be the case in future. Every circumstance of the workers' condition encourages that view. The growth of the syndicates, the organisation of employers in defensive unions, the amalgamation of these unions in powerful federations covering large areas and commanding virtually unlimited funds, the tendency of taxation to restrict the workers' spending capacity, the desire for a higher and fuller life—all these things force the worker to aim at the enlargement of his resources, and whatever may be the ultimate incidence of his increasing wages demands, his immediate concern is with his employer.

In its work of organisation and agitation, trade unionism, especially of the Socialist type, is assisted by a singularly efficient Press. In sixty-eight towns the Socialist party has daily newspapers, and in three of these towns two or more such newspapers; four newspapers appear once a week, and eighteen appear at longer intervals. In addition sixty-two trades and industries have special trade union newspapers (several with two or three), most of them appearing weekly, and there are at least twelve other journals and magazines of various kinds conducted by the party or the trade unions. In the interest of Polish and Italian workmen there are newspapers written in their languages. Many of the daily newspapers of the party have large circulations, equalling or exceeding those of the burgher newspapers published in the same town. The most widely circulated of the trade unionist journals is that of the metal trades, which claims to be distributed to the number of 200,000 each week. The daily Press

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is for the most part ably and energetically conducted. It does not pay much attention to the niceties of controversy and has no respect for confidential documents; its tone is frankly anti-ecclesiastical and often aggressively atheistic, in spite of the much vaunted but very hollow claim of the Socialist party that it regards religion as, in the words of its programme, "a private matter," yet it serves the purpose of agitation effectively. Primarily the daily journals are party papers, and Socialist propagandism is their principal aim. They zealously watch the interests of labour, however, and in the event of an industrial dispute they are able to afford powerful help to the men.

The editors of these journals are often men of considerable education and study, who have obtained their doctorates at the university by hard work, and their intimate acquaintance with economic questions gives to their articles—one-sided though they may often be—a note of intelligence and even of authority which would be welcome in more reputable departments of journalism. They are, moreover, careful and generally accurate—probably never wilfully inaccurate—in their facts, though often enough perverse and wrong-headed in their theories and as full of prejudices as of good intentions.

Germany is on the whole behind England in the publication of cheap literature of a high class, but its labour Press is far above the English level in wideness of interests and in literary ability. In many of the trade organs which have been referred to, dyed red with Socialism though they may be, appear articles which the most educated persons could read with interest and profit—articles on art, literature, the sciences, antiquities, theology (very rationalistic yet strictly critical), travel, &c. If newspapers give the public what the public demands, the readers of these cheap prints must belong to a higher order of intelligence than the average English labour journalist. Or is the tone given in both cases by the journalist himself? Whatever be the explanation, the labour newspapers of the two countries offer interesting points of comparison.

Nor is the Socialist Press conducted on philanthropic lines. Every journal is expected to pay its writers moderate salaries—they are generally very moderate indeed—and leave a surplus available for party purposes, and many of the organs in the

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large towns do, as a fact, yield large profits. To this end the rank and file of the party are urged as a matter of principle to support their own newspapers and no other, and on the whole the response to this appeal to loyalty is cordial. An inquiry made recently of the members of a strong trade union in Berlin brought to light the fact that 36·6 per cent. of the households interrogated regularly subscribed to the official Socialist journal.

The Hirsch-Duncker and still more the Christian unions have also their trade papers, though they do not compare in importance with those of the Socialist unions, and the constant and bitter controversial warfare between the three rival journalistic camps points to the existence of deep-seated divergences and antitheses.

In general the trade unionists are perfectly loyal to their organisations and leaders. When the movement was in its infancy it was often a matter of difficulty to persuade the men that, having become organised, they were bound to stand together and accept the verdict of the majority, and if needful the decisions of their leaders, when duly empowered to act on their behalf, even though such acceptance at times involved disappointment and chagrin. With more knowledge of trade union principles, and with experience of the disaster which attended divisions, this chafing against authority disappeared. Here the educative influence of political life was of great effect, though it is questionable whether the identification of the trade union movement with politics has on the whole been of economic advantage to the German workman. Nevertheless, cases still occur from time to time in which the men get out of hand, and under the influence of the strike fever throw discretion and authority to the winds. To take a recent example, a dispute arose in the Berlin building trade in 1907. The masons were in receipt by agreement of wages of 9d. per hour with a day of nine hours in summer. They demanded 10¼d. per hour and an eight-hour day at once. The hours of labour were to be reduced by 11 per cent. and the lost time was to be made up by a 13 per cent. increase of wages. The effect would have been to have increased the weekly wages from 40s. 6d. to 41s. The dispute occurred in the middle of the busy season and the

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employers were at great disadvantage. They offered to concede a higher rate of wages but declined to reduce the hours of work. The leaders of the men's organisation accepted this offer as a fair compromise, but with reproaches and resentment the leaders were overthrown, and the men decided to strike. Even the party organ condemned the hot-headed attitude of the rank and file, who went so far as to refuse the conciliatory overtures of the Court of Conciliation. The struggle ended without definite result either way. Many of the employers settled on the basis of 9½d. an hour and 8½ hours' work, but the majority let matters take their course and only resumed building when the men were tired of playing, which was too late to enable either side to recoup that year the losses which had been occasioned by a dispute forced on the employers in defiance of all the rules and best traditions of trade unionism. Two incidental results of the strike may be named. On the one hand the wages agreement movement became discredited, for the employers argued that if the men would repudiate a bargain made on their behalf by their own leaders, they would be equally ready to repudiate a contract made with them when it suited their purpose. Further, the employers learned during the dispute the value of piecework and began to employ this method of remuneration—hateful to all German trade unionists—far more extensively than before.

It has been estimated that a trade unionist's contributions of all kinds to his union range between 1s. and 2s. per week, according to a workman's trade and rank. The weekly contribution proper varies from 2½d. to 1s. 5d., with an average of between 5d. and 6d., but to it come various other payments—local additions or supplements, special levies, as for the Secretariates, &c.—so that a total contribution of 5 per cent. of a man's income is probably below rather than beyond the mark. The proportion has been estimated to be as much as 7½ per cent. in many cases. Certainly little of this money paid into the trade union funds goes to the able and devoted officials who work the machinery of organisation. The salaries of these men are seldom higher than the wages of skilled mechanics, and the work expected of them is exacting and endless. They are at their post morning, afternoon, and night, always for six days in the week and often on Sunday as well, and apart from their

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onerous tasks the amount of fighting they have to do, and the constant legal risks they have to run, are so harassing that only sheer love of their cause could keep them at their posts. Certainly the German trade unionist official does not "batten on the hard-earned wages of the working man."

Almost invariably the headquarters of the federations of all three groups of trade unions are also the home of another institution which greatly aids the unions in their work of organisation and agitation. This is the inquiry and advice agency, usually called Workmen's Secretariate, which is a friend-in-need to working people of both sexes, and often to the public generally, in many a difficult situation. So popular have these institutions become, and so important is the place they fill, that a number of towns have established public agencies on the same lines, at which legal advice is gratuitously given upon all matters of civil, penal, and industrial law. In 1907 there were 96 "Free" or Socialist Workmen's Secretariates with 132 other agencies, and they gave advice and information in 464,465 cases, of which 137,644 related to insurance, 130,936 to civil law matters, 70,974 to labour and wages questions, 60,065 to State and municipal matters, and 34,017 to the penal law. The number of different persons who consulted the Secretariates alone was 401,950. Of the 96 Secretariates 27 only gave help to organised workpeople or those incapable of organisation (*i.e.*, domestic servants, &c.), while the majority followed the policy of the open door.

It must not be supposed, however, that capital has passively looked on while labour has closed its ranks and united in an aggressive movement upon the citadel of industrial wealth. On the contrary, the resistance of German employers to trade unionism was never so strong as at the present time, though this resistance is more determined in some parts of the country, and also in some industries, than in others. In no industries is it so vigorous, however, as in the syndicated coal, iron, and steel industries of the West of Prussia. If trade unionism is nowhere so strong as there, anti-unionism is nowhere so uncompromising.

"The decisive battles of German politics," said truly a German journal recently, "will be fought neither on the Neckar (Baden) nor on the Isar (Bavaria), but in the district

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of the Elbe (Prussia). For in North Germany capitalism has attained the gigantic expansion which is characteristic of the world-market; there classes oppose each other so nearly and so roughly that one disputant can look into the white of his enemy's eye; there amiability long ago disappeared from politics." Of the relationships between capital and labour this is emphatically true, and the truth has an explanation. The remark is often made by German employers, "Our workpeople are unpractical: they have no comprehension of industrial conditions." Translated into plainer language the complaint implies that the modern workman shows a keener sense of his rights than his fathers did, and is not very discriminating in his choice of means of advancing his position. This must be freely conceded. The workman is fighting, and fighting at best is a crude and brutal business. If he makes use of any weapons that lie to hand, and is not particular as to how he handles them, he only proves that the struggle between labour and capital in Germany is a little less refined than in some other countries. Yet capital has not been slow to retaliate. Rhineland-Westphalia is its chosen battle-ground. Here all the conditions of economic warfare exist in a rare degree.

It is a striking fact that a large part of the natural resources, industry, and wealth-production of that unresting workshop of Germany is under the control of a dozen men of commanding business genius—men of strong and masterful character, born rulers of the sternest mould, without sentiment, not insusceptible to justice yet never going beyond it, inflexible in decision, of inexhaustible will-power, and impervious to all modern notions of political liberalism. These men, who have so conspicuously helped to create modern industrial Prussia, and who are a greater real power in the land than Ministers and legislators put together, typify in modern industry the feudalism which is slowly dying upon the great estates of the East. Their attitude towards the unions in which their workmen are organised to the number of hundreds of thousands is frequently expressed in the maxim, "We intend to be masters in our own house," and nothing is wanting in the vigour with which this maxim is applied. On the occasion of the Mannheim conference of the Association for Social Policy in September, 1905, Herr Kirdorf, probably the best-known industrialist of

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Westphalia, and the head of the Coal and Steel Syndicates, was invited to give an employer's reply to an indictment of the syndicates made by Professor Gustav Schmoller. In the course of his statement occurred the following observations on the question of labour organisation :—

"It is regrettable that our workpeople are able to change their positions at any time. An undertaking can only prosper if it has a stationary band of workers. I do not ask that legislation should come to our help, but we must reserve to ourselves the right to take measures to check this frequent change of employment. The proposal has been made that all workpeople should be compelled to join organisations and that employers should be required to negotiate with these organisations. For myself I would remark that I refuse to negotiate with any organisation whatever. I decline to negotiate either with the Social Democratic organisations or even with the so-called Christian organisations, for I regard the Christian trade unions as far more dangerous than the Social Democratic. While the Social Democratic organisations at least say openly at what they are aiming, viz., the subversion of the present social order, the Christian unions fight under a false flag—they fight under the cloak of Christianity. They know well that the subversion desired by the Social Democrats cannot be brought about, so they seek to place capitalism under the domination of the clergy. I regret, too, that the State interferes at all in labour relationships."

This passage deserves to be quoted at length, since it frankly and correctly characterises the attitude of the great industrialists. Moreover, Herr Kirdorf repeated the same sentiments only a few months ago in the presence of the Prussian Minister of Commerce, who took occasion to object to the "phrasing" of the speech which had been made for his benefit, but wisely did not enter into argument. It is questionable, indeed, whether argument in such a matter is of any value, for views like these betray a frame of mind, a temperament fundamental and rooted in nature, and not open to the influence of reasoning: a man not merely thinks so, he *is* so. Just as the great landowner of the East contends that the agricultural labourer is his property and would refuse to him the right either to combine or to leave his native soil, so the great industrialist of the West ignores

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labour organisations and insists that the workman shall be prevented from selling his labour where and how he likes. Whatever may be thought of this attitude, it is held by some of the most powerful leaders of industry in North Germany, though it is not always avowed with the same candour, and only in the light of an utterance like the foregoing can the present position of trade unionism be understood.*

These men are absolutely honest in their belief that labour organisations are pernicious and should be combated, not by legal prohibitions, for that is not necessary, not by State help, for they are stronger than the State, but by the most effective of all ways—by simply ignoring them. They do not squabble about insignificant demands for higher wages, so long as the demands are not put in the form of threats, but are willing to pay for labour a fair market price. Their great works are models of judicious management and often abound with institutions and contrivances for the welfare of their employees going far beyond the requirements of the law. What they will not do, however, is to negotiate with, or recognise, or tolerate the trade union.

Public opinion naturally finds itself often in conflict with the Westphalian industrialists' attitude, which more than anything else was responsible for the solid gain won by the men in the great colliery strike of 1905. It was the same Herr Kirdorf who declared during that strike: "The movement can only end by the men recognising that they can get nothing by a strike, and returning to the mines. We will negotiate with every man

* It was a similar attack upon trade unionism, made in the Reichstag, which drew from the late Imperial Home Minister, Count Posadowsky, the following rebuke (February 6, 1906):—

"It has been asserted that the Christian trade unions are worse than the Social Democratic. It appears, then, that there are people who cherish the hope that in spite of our great industrial development, the labour movement—I mean the endeavour of the workers to improve their position and to participate to a greater extent than formerly in public affairs—can, or should be, entirely abolished. But who ever believes that falls into a great error, and supports his view on a somewhat narrow, interested standpoint. The view that the Christian labour movement is worse than the Social Democratic can only come from men who are unsympathetic to all labour demands, however justifiable. The attitude of many men towards the demands of labour reminds me of the attitude of many Ministers towards Parliaments. When a Minister daily sees how his carefully prepared Bills are criticised, he longs for the happy times of absolutistic Ministers—Ministers like Richelieu, Mazarin, Kaunitz, and Metternich. But those times are passed and will never return; of those divinities only the shadow remains."

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singly, but we will not concede workmen's committees." It was this inflexible attitude, persisted in too long, which turned first the public and then the Government against the colliery owners. By refusing to meet the colliers' "Committee of Seven" they created the impression that the men were wishful for peace but were unable to gain an ear for their overtures. In the end not only were workmen's committees granted by force of law, but the hours of labour were curtailed, fines were abolished, and other concessions were made which cost the colliery owners dearly, until the extra burden could be transferred to the public. It is estimated that fifteen of the largest colliery companies lost together during the year of the strike no less than half a million pounds.

While thus the large employers look with disfavour upon labour organisations, they have closed their own ranks, and are found more than ever uniting in trade associations, and again in unions of these associations covering entire industries within wide areas. The strongest of these unions is the Central Union of German Industrialists, which represents in the main the great colliery proprietors and ironmasters of Rhineland-Westphalia, and whose influence is held to have both made and unmade more than one Minister of State, though every important industrial district has a central organisation whose work it is to concentrate the forces of capital in order the better to resist the pressure of trade unionism. "The military State of Germany," said the director of the principal Saxon union of employers at the annual meeting of that body in 1907, "owes the supremacy of its industry in the world-market to the discipline asserted in its factories. The authority of the employer is a precious possession, to defend which is our most immediate duty. We shall never yield when it is a question of a test of power on the part of the workmen, where the authority of the employer might be menaced. For this authority is not merely the possession of the individual, it is a common good. Modern economic development has brought to the front the estate of the industrialists, who have superseded the old feudal landed proprietors as employers. Upon the efficiency of the industrialists depend the nation's power and progress. It is the duty of the industrialists not merely to provide the increasing millions of the population with a livelihood, but it must

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primarily wage war against subversive endeavours in every form. Our battle against the trade unions is at the same time a battle against Social Democracy." Saxony has not been behind in this movement for the coalition of capital: the Union of Saxon Industrialists numbers no fewer than 4,000 undertakings, employing 400,000 workpeople out of the estimated 700,000 industrial workpeople of that kingdom.

In this struggle with trade unionism the industrialists no longer count on the active assistance of the State. Knowing that any systematic repression of labour conbinations cannot be expected from the legislature, the weapon upon which they chiefly depend, and the one which combination naturally suggests, is that of exclusion, or, as it is called by the trade unionist—who is not slow to employ the same weapon when the opportunity offers—boycott. In many of the largest of the works in the coal, iron, steel, chemical, and other industries of the North-West known Socialists are refused employment. Some of these firms institute a thorough inquisition into the antecedents of every applicant for work, and so effectively and so secretly is the exchange of "black lists" carried on that a capable man, whose reputation as an ardent trade unionist, or, worse still, as a Socialist, has preceded him, may go round the workshops of an entire district and be refused at every door, though there is work to do and a need for hands. The following is a specimen of the inquiries exchanged amongst such employers:—

"X, born ——, has applied to us for work. He states that he has been employed by you from —— to ——. We beg to ask you if this statement is correct. We should also be glad if at the same time you would tell us something about the character of X, whether he belongs to a labour organisation and if so to which. While assuring you of perfect privacy, we shall be glad to do the same service for you in return," &c.

The firm to which this letter relates is one of the largest in its special industry in Germany. No known Socialist is tolerated in its works, and suspicion of Socialist sympathies entails instant dismissal. There are some employers' unions whose members are bound not to employ, at least for a period of from three to six months, workmen who take their discharge for any cause whatever. Occasionally the operation of a "black list" comes to light, and more than one action for damages has been

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successfully brought by aggrieved workmen in consequence. In one recent case the Duisburg District Court found the practice of boycotting to be "against good morals," so contravening both the Industrial Code (section 153) and the Civil Code (section 820), and awarded the plaintiff £7 as compensation for deprivation of employment.

Struggles carried on under such circumstances are bound to be bitter and to lay the foundation for much future difficulty. The employers contend, with some justification, however, that they have been driven into an attitude of aggression, and that they employ no weapon of which the Social Democratic trade unions have not first taught them the use. It was a conference of Protestant trade unionists of the kingdom of Saxony which formally declared in 1907: "Those who, like the Social Democrats, take their stand on materialism and preach the struggle of classes cannot complain if the employers combat inconvenient trade unions with all the means in their power." The significant fact is affirmed by Dr. M. Meyer, on the basis of a comparison covering the years 1900–1904, that while the fewest strikes (*i.e.* in proportion to the number of workpeople) and also the smallest strikes (*i.e.*, the strikes affecting on an average the smallest number of workpeople) occur in Germany, that country has the largest number of lock-outs, the number of which increased from 28 in 1899 (affecting 5,298 workpeople) to 51 in 1902, 96 in 1903, 132 in 1904, 263 in 1905 (affecting 118,665 workpeople), and 305 in 1906. More than a third of the lockouts of 1906 were in the engineering trades, and 13·4 per cent. were in the textile industry.

One of the severest defeats which the Socialist trade unions have received is that over the "labour day" movement. The idea that the 1st of May should be observed as a labour festival originated at the International Labour Congress held in Paris in 1889, though it was not then contemplated that work should on that day be laid down universally. For some years the German Socialists tried to popularise the holiday, and in some large towns with partial success. They even succeeded in obtaining recognition for "labour day" in some of the wages agreements. The employers as a whole resisted the idea of a general cessation of work irrespective of temporal and local circumstances, and their opposition won a signal victory in 1907.

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when the powerful Metal Workers' Union formally declared against the observance of May Day, and the official organ of the Socialist party urged that the question should not be pressed.

On the other hand, there is a far greater disposition in the South, in Bavaria and in Würtemberg, to negotiate with the unions. There both large and small employers often prefer to deal with the responsible trade unionist officials, who have behind them the authority of their members, than with individual workmen or groups of workmen lacking the standing and the prudence which responsibility confers and without power to bind their fellows. Further, as the Würtemberg factory inspectors have repeatedly pointed out, the creation of strong organisations of employers and employed has encouraged an accommodating spirit, and even where disputes have occurred the fact that they have been conducted by representative bodies, capable of taking a large view of the issues, has softened asperity and facilitated settlements on conditions which left neither side suffering from a sense of humiliation.

But at retaliatory measures the employers do not stop, for they have taken a leaf out of the trade unionists' book and they answer the strike pay machinery of the unions by a system of insurance against strikes and lock-outs. This new movement has already taken root in a number of industrial districts, and it extends both to large and small trades. Contributions are paid proportionate to the yearly wages bill, and in the event of a stoppage caused by a dispute a certain daily compensation per head of the men employed is paid. The insurance company established in connection with the Union of Metal Manufacturers embraced in 1907 1,048 firms employing 160,000 workpeople, and during the year 1906 strike indemnity was paid to 235 firms in respect of 313,539 lost days caused by strikes and 642,741 caused by lock-outs. In the some way the Union of Saxon Industrialists has founded a Society for Strike Compensation, and in 1907 over 1,000 firms were affiliated.

A few words must be added as to the practical phases of the labour movement at the present time. The demands which trade unions of all types are agreed in advancing are those which are common to labour everywhere—higher wages and shorter hours of work. As to the former, constant progress is being made, and never so rapidly as during the past decade, though

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in the meantime the cost of living has also increased. "That the money wages of the proletariat increase Social Democrats have never once denied," said the official organ of the Socialist party recently; "they only deny that they have kept pace with the increasing income and capital of the propertied classes." There is considerable difference in the remuneration of labour as between one part of the country and another. Industry for industry, the highest rates of wages are paid in Rhineland and Westphalia and in Berlin, the lowest in certain districts of Saxony and the South generally. In general the maximum rates are still considerably below those usual in the same trades in the United Kingdom, until the unskilled occupations are reached, when only a narrow margin divides the two countries.

Progress has also been made in restricting the duration of employment, though there is still great disparity as between different industries and different parts of the country. The coal miners of Prussia have secured a legal eight-hours day for underground work, but in industry generally the number of hours worked is ten daily, or sixty weekly, and these hours generally fall between six and six or seven and seven. In some industries, and especially the textile industries, from sixty-three to sixty-six hours per week are commonly worked by both sexes. It is the impossibility of arriving at a uniform reduction of hours on a moderate level which has led the Socialist party to carry this question into Parliament. In truth the "maximum work-day" movement is as old as the Reichstag itself. As early as 1869, when twelve hours a day were usual, the Conservatives and Clericals joined in a demand for a reduction, to be fixed by statute both in the case of males and females. Prince Bismarck then and later refused to interfere with what he obstinately persisted in regarding as the workman's "natural right" to work as long as he wished, and the Liberal parties of all shades being then under the influence of "Manchester" ideas, even to the extent of reprobating factory inspection, the proposal fell through. When the Socialists took up the cry in the Imperial Diet in 1877, all they asked for was a "normal" day of ten hours. This maximum would have satisfied them until 1891, but in that year they advanced their demand to nine hours, and in 1896 an eight-hours day figured for the first time in their programme. Meantime, when the law of 1890–1891 for the protection of

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labour was passed as a result of the Berlin Labour Conference, a resolute attempt was made by the Clerical and other parties to carry a clause to limit the work day for men to eleven hours, but without success, and this restriction was only legalised in the case of women. True to its traditional sympathy with the aspirations of labour, the Clerical party still brings forward every year a resolution calling on the Government to enact a maximum work day, which it now demands shall not exceed ten hours for adults of either sex employed in factories and workshops.

In practice the ten-hours day does already exist in most parts of the country, but where it is the rule there are often exceptions, and it is in the interest of uniformity that legislation is desired. The building trades long ago adopted a ten-hours day; and over 90 per cent. of the wages agreements concluded in these trades stipulate a day not exceeding that duration, often with an hour less on Saturday. Further, over 60 per cent. of all the factories in Prussia work ten hours daily, the principal exceptions being the textile factories, and especially those engaged on low-class goods. In the engineering trade while ten hours are the rule, as many as ten and a half, or sixty-three per week, are worked in the more backward districts, and as few as fifty-four per week in the more advanced industrial centres. The longest hours are worked in the smelting works and the rolling mills, where twelve per day, with merely nominal intervals, are common, added to which an extra shift is worked once a fortnight, bringing the week's work up to an average of eighty hours.

The attitude of the Government has hitherto been a halting one. Its sympathies are with the workers, but it bears in mind the burdens placed upon industry by the insurance laws and the general factory regulations, and it has no desire to overload the camel's back. No one denies that the hours worked in some industries are excessive, and that their curtailment would be for the good of the present as well as the coming generation. Count von Posadowsky, the late Imperial Minister of the Interior, and for many years the warm-hearted custodian of the Empire's social welfare policy, in opening a hygienic conference in Berlin in 1905, said truly that "the future would belong to the nation which kept itself in the most healthy and efficient condition: to strive for the health of the masses of the people was to strive for the strength and welfare of the fatherland."

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Yet when asked in the Reichstag the same year to pronounce in favour of a shorter work day fixed by law, Count von Posadowsky declared his inability and added that he represented the attitude of all the federal Governments, which feared to overburden capital and disable industry. "The more we develop our social legislation," he said, "the more necessary it becomes, in view of the industrial struggles between the different nations, to advance as far as possible side by side in these questions. The conditions of work are especially important in determining the capacity of the export industries."

Just as there was once a time when the textile industry of the Rhineland worked to a large extent seventeen hours a day in order to facilitate competition with England's more highly developed factories and more skilled workers, so now a day of ten and eleven hours is maintained in the same industry purely out of fear of the foreigner. The pace of the Government's advance will, therefore, for some time be regulated to a large extent by the attitude of industry, and that attitude is for the present hostile to any further reduction. It found expression recently in the Reichstag in the words of a National Liberal deputy, who stated, "German industry can bear no more restrictions. If protective regulations are carried further employers will be ruined. For that reason I call upon the Government to 'slow down.'" And the policy of "slowing down" is the policy which the Government has adopted. The only limitation of hours introduced by the amendment to the Industrial Code which was passed in 1908 applied to female workers, and it merely fixed the rule of sixty hours, subject to many exceptions. An investigation made in 1902 by the Government into the hours worked by females employed in factories and workshops showed that of 813,560 such workpeople, employed in 38,706 works, 86,191 (in 6,768 works), or 10·6 per cent., worked nine hours or less, while 347,814 (in 18,267 works), or 42·8 per cent., worked from nine to ten hours (inclusive), so that over half already enjoy the protection which the new law is to afford. The Socialists at present demand a ten-hours day for both sexes, for the whole country and for all industries, but they regard this no longer as their final objective, but as a stage on the way towards the goal of an eight-hours day, *viâ* a halfway house of nine hours.

One common objection to a lega reduction of the hours of

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labour, which is heard whenever the subject is debated in the Reichstag, is that the extra leisure given to the working classes would be unwisely used. (Even a Prussian factory inspector gravely stated in a recent report that the reduction of hours had been accompanied in his district by an increase of illegitimate births!) But little apprehension is entertained on this score by those who remember the physical pressure entailed by the present system, which often keeps the workman thirteen hours from home six days in the week, and compels him to seek his only relaxation during a few hours of Sunday. Yet even Sunday rest, though enacted as a general principle for the Empire many years ago, is still far from being universal, for considerable State latitude was allowed; in some States there is no difficulty in obtaining sanction to Sunday overtime or to "continuous working," which means for many men working seven full days a week.

On the other hand, there is no conclusive reason to expect that the desired reduction in the hours of work will necessarily be accompanied by increased productivity. That this result has often followed where voluntary reductions of hours have taken place, even to an eight-hours day, is true; and were there no other motive save the desire for greater leisure behind the movement for shorter hours the same thing would possibly happen generally. There is, however, another motive, and it is the hope of widening the area of employment and so of diminishing the number of the workless. The "ca'-canny" movement is not without its adherents in Germany, who are actuated by no inclination to idleness or selfish desire to cheat their employers, but who see in restricted production an opportunity of reducing the surplus supplies of the labour market, knowing that by doing this they will reduce competition and so benefit wages.

A further demand is the regulation of home industries by imperial legislation. Hitherto the Industrial Code, in spite of all the many amendments which have been introduced during recent years, has almost entirely ignored these industries. The main demands upon which all parties are united are the registration of home workers by their employers, the placing of the domestic industries under factory inspection, the control of workrooms with a view to the enforcement of hygienic conditions,

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the extension to the home workers of the three insurance laws, the use of wages books or lists, the prohibition of night and Sunday work, the placing of the home industries under the Industrial Courts in the matter of disputes, and the prohibition, as in Switzerland, of the taking home of work by factory operatives.

In Germany the working classes in general have not the benefit of the strong lead in labour policy which the State and many municipal authorities give in this country. In Prussia the Sovereign has, indeed, endorsed the precept of more than one of his ancestors on the throne in his saying that "State undertakings should be model institutions," but it was one of his Ministers of Commerce who, in replying to a demand that the standard of wages should be raised in some of the undertakings under his control, declared that "the State should not be in advance of private employers." In the matter of wages it certainly is not, though the policy of social welfare which the State voluntarily pursues for the benefit of its employees—in such matters, for example, as housing, pensions, holidays, &c.—may make good this shortcoming in other ways. It is, however, a bitter drop in the cup of many workpeople in State employment in Prussia that combination in trade unions is prohibited and Socialist sympathies rule a man out of favour; in most other States a more lenient policy is followed.

Among municipal authorities there has of late been a freer use of what Prince Bismarck called "social oil," and the wheels of the civic system have undoubtedly moved more smoothly as a result. In part this is due to the larger direct influence which the working classes have obtained upon local government bodies. There are few Town Councils in large towns without a labour (which inevitably means a Socialist) party; it is generally less strong in numbers than lungs, though at least two important towns have during late years passed entirely over to the government of labour. On the whole the influence and the usefulness of these municipal labour groups consist more in critical than constructive work: they are quick to point out evils and defects, but slow to devise practical remedies. Nevertheless, with and without their assistance, many municipalities have during late years adopted well-considered schemes of social welfare securing to their employees cheap housing,

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pensions, holidays, &c. At the present time some 70 German municipalities now regularly give their workpeople a summer holiday of from three to ten days without reduction of wages. Trade union and standard rates, fair wages clauses, and similar devices for levelling up wages have not as yet, however, received a patient hearing in Germany. In public contracts it is seldom that more is done than to make provision for the safety and health of the workpeople employed and for the due observance of the laws regarding insurance. It is questionable whether more than one German municipality enforces fair-wage conditions to every fifty which do so in the United Kingdom.

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CHAPTER VIII

METHODS OF INDUSTRIAL CONCILIATION

Statutory Workmen's Committees—The employers' objections to them—Functions of the Industrial Courts—Their limited action as boards of conciliation—Chambers of Labour—Proposed establishment of an Imperial Ministry of Labour—The wages agreements in the building and small trades—Their number and operation—Advantages and disadvantages from the workpeople's standpoint—Legal force of the wages agreements—Attitude of the Bavarian Government thereto—Attitude of the employers—Profit-sharing—"Social welfare" institutions—Factory colonies of dwellings—Antipathy of the working classes to employers' philanthropy—Industrial Co-operation.

ALL that has hitherto been said about the relationships of capital and labour has brought into relief the deep-rooted hostility that exists between the two. For the present that hostility must be accepted as a settled fact. Reasonable though the German nature in essence is, there is here a unique exception, and it is safe to predict that every attempt made either by legislation or any other outside influence to conciliate these two antagonists will fail until the struggle has continued long enough to enable each of them to take the other's measure. Warfare of this kind is still comparatively new in Germany; the strength of the rival forces is unknown, the conditions of the struggle are altogether novel. Both sides recognise that a great battle must be fought out before an understanding is possible, and for the sake of the issues at stake they are prepared to make any sacrifice.

Nevertheless, palliatives of the prevailing disharmony are being tried in various directions. There have not yet been introduced in Germany the admirable boards of conciliation and arbitration which operate with such success in the leading

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industries in the United Kingdom.* The Industrial Code provides for the creation of Workmen's Committees in collieries and industrial works of certain kinds, these Committees being elected by vote of the men and being intended to serve as boards of reference and consultation on matters affecting the interests of the workers. Many large employers are, however, unwilling to take advantage of this method of lessening the grievances of their workpeople, regarding it as an unnecessary interference with their rights, and a dangerous restriction of their authority, that workpeople should be able to state their views directly and collectively in so formal a way, instead of through the time-honoured mediation of the manager or foreman. Where, however, these Committees are established in a spirit of conciliation and loyalty on both sides they have shown a considerable capacity for usefulness.

In the event of actual dispute the official machinery of the Industrial Courts is always at call, should the disputants be willing to use it. The law requires the formation of these Courts in all towns with over 20,000 inhabitants, but they may be formed elsewhere at the option of the Government of the State or on the joint requisition of a given number of employers and workpeople, and they consist of equal numbers of both. That the 406 Courts now in existence do not mediate oftener would appear to be less the fault of the workpeople than of the employers. During 1905 they acted as boards of conciliation on 350 occasions: on 165 in response to invitations from both sides, on 175 on the invitation of the workpeople alone, and on ten only on the sole invitation of the employers. Only in 128 cases was it possible to bring the disputing parties together.

The Workmen's Committee is at best a private arrangement between the individual employer and his workpeople, and the trade unions and the labour party in Parliament have for years been agitating for the formation of Chambers of Labour

* At the annual meeting of the German Society for Social Reform, held in Berlin in December, 1906, resolutions were adopted "affirming the meeting's conviction that industrial peace would best be promoted by the development of collective arrangments between employers and workpeople in the form of (1) wages agreements, (2) voluntary boards of conciliation and arbitration, and (3) workmen's committees for individual works"; and it was urged that, "after the example of Great Britain, conciliation boards suited to the various industries should be generally formed, these to co-operate with higher tribunals and to call in on occasion the help of prominent public men as advisers and arbitrators."

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analogous to the Chambers of Commerce and Agriculture—that is, bodies which shall solely represent labour, shall exclusively watch its interests, shall be consulted by the Governments and public authorities on questions affecting the working classes, and shall even have power to regulate the relationships between capital and labour within defined limits. The Imperial Government is willing to give Chambers of Labour constituted on the basis of parity, *i.e.*, elected half by the employers and half by the employed, and so long ago as 1890 they were definitely promised in an Imperial Decree, which ran:—

"For the fostering of peace between employers and workpeople legal regulations are contemplated regarding the forms in which the workpeople shall, through representatives who possess their confidence, participate in the regulation of matters of common concern and the protection of their interests in negotiations with employers and with the organs of my Government. By such institutions the workpeople are to be enabled to give free and peaceful expression to their wishes and complaints, and the State authorities are to be given the opportunity of continually acquainting themselves with the conditions of the workers and of cultivating contact with the latter."

Should these bodies come into existence they will at the outset be handicapped by prejudice and, what is even worse, indifference. For while the labour party claims that the Chambers should be composed entirely of working men, the employers have no desire to join them, regarding any such joint authorities as the thin end of the wedge of trade union interference which they are so resolutely resisting.* But at Chambers of Labour the

* Since the above passage was written the Imperial Government has introduced a Bill for the creation of Chambers of Labour, to be established either for one or several branches of trade or industry, and to be connected with the associations formed under the Accident Insurance Laws. The members are to consist half of employers and half of workpeople with a president and vice-president (neither of whom shall be an employer or a workman) nominated from the outside by the District Administrative Authority, which will be the controlling body. Membership of a Chamber is to be open to Germans over the age of thirty years who are employed in the district served by the Chamber and who have belonged to the trade affected for at least a year, and all sittings are to be public. It is to be the object of the Chamber to cultivate friendly relationships between employers and workpeople, to promote the interests which both have in common, to safeguard the welfare of the working classes, and to act as organs of reference and advice which the Government and other public authorities may consult on labour questions. Further, the Chambers are to serve as courts of arbitration and conciliation where Industrial Courts do not exist, and they will be competent to propose measures for the benefit of labour and to co-operate

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Socialists do not stop, for it is their hope that they will pave the way for the creation of an independent Imperial Ministry or Board of Labour. Not only the Socialists, however, but the social reform groups belonging to the burgher parties heartily favour the transference of labour questions from their present *ressort*, the Ministry of the Interior, to a separate Department of State. The Government has hitherto discouraged the idea on the plea that labour questions are often involved in other questions, and that a specific Labour Ministry would inevitably conflict with existing Departments. It contends reasonably enough that it would often be difficult to draw the line between what is specially a concern of labour and what is not: such questions as housing reform, factory and school hygiene, factory inspection, the insurance laws, and the regulation of co-operation, emigration, and immigration are all instances of questions which are capable of leading to conflict of jurisdiction.

In the smaller trades, and particularly in the building trades, a method of preventing disputes, at least within fixed "close" periods, has largely been applied of late years in the form of the wages agreement, known also as "wages tariff." In the large towns the building trades are almost entirely regulated by these agreements, which not only fix the rates of wages and the hours of labour to be observed during the contract period, which is generally two years, but lay down other conditions of employment, as, for example, the circumstances under which overtime shall be allowed. Agreements of the kind also apply largely to the brewery, certain branches of the wood, small metal, and other trades, but in the main it is the handicrafts, or the trades most nearly corresponding to them, which have embraced this method of averting disputes. The large industries have hitherto stood aloof, and in the engineering trades especially the wages agreement can hardly be said to have made its appearance. It is estimated that over 3,000 of these agreements, of all kinds, are now in operation in Germany, the great majority being revisions of lapsed agreements. A large proportion of these were only obtained by the workmen after persistent struggle.* In

with the authorities in formulating the same, as, for example, labour registries, legal advice agencies, unemployment insurance, the regulation of the hours and other conditions of labour, the provision of workmen's dwellings, holidays, &c.

* "All these agreements have been wrung from the employers by the labour organisations in strenuous and self-sacrificing struggles."—Dr. Fischer in the

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1906 alone 2,360 agreements were concluded between employers and workpeople, of which 1,119 were in the building trades, 326 in the wood industry, 244 in the metal industry, 276 in the trades connected with food, drink, and tobacco, 192 in the commerce and the transport trade, 114 in the clothing, textile, and leather industries, 34 in the paper and printing trades, and 55 in other trades. These agreements affected altogether 317,487 workpeople, and probably more than twice this number are now employed under agreements in the whole country.

That the wages agreement is at best a palliative and no counsel of perfection is proved by the criticism aimed against it both by employers and workpeople, though by the latter its merits are held to outweigh its defects. From the standpoint of wages the advantage would appear to be with the men. The rate of wages usually fixed is a minimum; it does not follow that more will not be paid, but less cannot, except, perhaps, in the case of old men and young journeymen just out of their time, and even in these cases there is generally an express stipulation to that effect. The employers complain, however, that the agreements, which were originally held out to them as a means of preventing disputes, have in effect become ladders by which labour climbs to higher wages. An agreement is as a rule only concluded for a short period, at the end of which its terms need to be reconsidered; the workpeople naturally endeavour to insist, generally with success, that each revision shall denote an improvement in their position—a higher rate of pay, shorter hours of work, or both—so that the wages agreement, in effect, becomes an endless screw, which does its work all the more effectively because it moves slowly and sometimes imperceptibly; for in the regulation of wages, thanks to the German decimal system of coinage, increases of an eighth of a penny the hour are by no means uncommon.

At the same time the wages agreement is not an unmixed good from the standpoint of labour as a whole. Broadly speaking, it plays into the hands of workers of inferior ability, and to that extent there is truth in the common objection that it is a device for paying such men more than they could earn under normal

Reichstag, February 7, 1905. Of 219 "aggressive" strikes in Berlin in 1905 organised by the "Free" trades federations 55 were for the introduction of wages agreements.

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competitive conditions of employment. On the other hand, it is a matter of common experience that these agreements, in so far as the fixing of wages is their sole or principal object, have no great attraction—because they are of no practical importance —for efficient workmen. The minimum rate below which workmen qualified by years or apprenticeship are not under an agreement to be paid is naturally based on medium capacity or output, and takes no cognisance of the men of all-round ability, who would always be able to earn this minimum rate, whether it were guaranteed by agreement or not. Yet even inferior men are not always protected by agreements, for the employer always reserves, as a final weapon of defence, the right to discharge the inefficient and the undesirable. Thus it happened in a South German town not long ago that the trade union leaders pressed the employers in a certain trade to conclude a wages agreement. The head of the largest undertaking concerned expressed his own readiness to do so, since his rates were already above the minimum proposed, yet at the same time he pointed out that one effect would in all probability be that, whether explicitly or not, the masters in paying a minimum wage would expect a minimum output—a contingency not provided for by the draft agreement. The warning was disregarded, the agreement was concluded, and in due time it came into operation. One of the first results was the wholesale discharge of inefficient workmen who failed to earn the minimum wages. Conferences took place between the authors of the agreement and the employers who had thus protected themselves, and without any formal revocation of the minimum rates it was agreed that they should be disregarded, and masters and men be at liberty to make their own arrangements as in the past. The case mentioned was one in which the minimum wage was a time rate. Where an agreement fixes the rates for piecework the difficulty here illustrated does not occur.

It will be understood that the legal force of these agreements is very limited. Inasmuch as they are concluded by non-corporate bodies they are, strictly speaking, only binding on the signatories, and neither employers nor workpeople outside the respective organisations can legally be required to fall in with their provisions. Several of the Industrial Courts and Boards of Conciliation have, however, adopted decisions which have

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greatly enlarged the importance of special agreements, for these decisions are, of course, only of local force. Thus the Essen Board of Conciliation and the Hanover Industrial Court have both decided in a building trade dispute that a wages agreement concluded between the employers' union and the workmen's organisations should apply to all workmen employed by a master belonging to the union, whether the workmen were organised or not. While, on the other hand, unorganised employers are not bound by these agreements, sooner or later they are in practice inevitably affected by them, since an agreement tends to become in course of time a standard both of wages and other conditions of employment for the locality concerned.

A decision in this sense was enforced by the Dortmund Industrial Court, in which a workman who had been engaged without special agreement by an unorganised employer claimed to be paid the rates fixed for his trade in the local wages agreement, while the employer contended that not the local standard rate but the rate usual in his own workshop should be the basis of payment. The Court held that not only the rates of pay but all other conditions of employment set forth in the wages agreement concluded in that trade should apply. It has also been held that where workpeople are transferred from one employer to another, as in the case of a business changing hands, the old agreement holds good in the absence of a new one.

It has often been complained that where wages agreements have been concluded the productivity of labour has diminished. "Convenient and conducive to equable calculation though the agreements may appear," writes the Chamber of Commerce for Upper Bavaria in 1906, "it must on the other hand be affirmed that the output of the individual workman has decreased. The guarantee of a certain minimum wage is no stimulus to activity, but the contrary. A workman may, indeed, be discharged, but that often leads to a strike of all the rest, in spite of wages agreements. Further, the employment of a non-union workman alongside of the unionists has been made impossible by the agreements." These objections may hold good in special cases, but it cannot be contended that they apply on any large scale. Certainly they have not prevented the Bavarian Government from declaring emphatically in favour of agreements and instructing its factory inspectors to encourage their conclusion wherever possible.

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The attitude of employers in general may be indicated thus. In the building trades agreements hold the field in the large towns, and while the masters have not invariably welcomed this mode of reducing the number of disputes, they regard it as inevitable and on the whole as an improvement upon the old order of things, under which the workman had to strike for an increase of pay, but as a rule got it all the same. There were, however, several reasons why this industry should lead the way in the adoption of agreements. In the first place it had suffered more than any other from labour disputes, the injury caused by which was increased by the short season within which active building operations are as a rule confined. Furthermore, the local character of the industry enables employers to recoup higher costs of production more easily than is possible in most industries. Hence the invariable effect of building trade agreements, increasing the price of labour, has been higher costs of production, with consequent higher rents, from which the working classes have been the first to suffer. Nevertheless, even in the building trades the agreements have not made equal progress in the small towns, where labour is but little organised.

In many of the trades and occupations which partake of the handicraft character the wages agreement has also been introduced without difficulty, but again in large towns more than in small. In miscellaneous trades and industries it is still regarded as an innovation, while the heavy trades resolutely hold aloof, in spite of all the efforts made by the trade unions to obtain recognition for it. The Central Union of German Industrialists, which voices the opinions of all the great employers of labour, has formally declared "the conclusion of wages agreements between employers' organisations and the organisations of the workers to be altogether injurious to German industry and its prosperous development. The agreements not only deprive the individual employers of the liberty of deciding independently as to the employment of their workpeople and the fixing of wages, which is necessary to the proper carrying on of every undertaking, but they inevitably bring the workpeople under the domination of the labour organisations. The agreements are, according to the conviction of the Central Union, fully confirmed by the experience of England and the United States, serious obstacles in the way of the progress of German industry in

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technical matters and in organisation." That is the firm attitude of all the large industrialists, and from it they are not likely to deviate for a long time to come.

The plan of profit-sharing would appear to be but little popular in Germany. The premium or bonus system is largely followed in the engineering trade in some parts of the country, and the practice of giving Christmas or New Year gratuities is common, but it is very unusual to offer workpeople a direct share in profits. On the other hand, what are known as "social welfare" institutions are a conspicuous feature of the larger industrial undertakings—institutions and efforts for the benefit of the workmen and their families which go beyond the requirements of the insurance and other laws for the protection of labour. Probably they exist in greater or less number in connection with most important works, and especially those in the coal, iron and steel, chemical, certain of the textile, and other manufacturing industries. The most common agencies of social welfare are special pension and benefit funds which supplement the compulsory insurance funds, either extending the benefits obtainable under these funds or making provision for widows, orphans, and dependents under circumstances in which the legal provisions do not apply or are inadequate. Holiday funds for workpeople and their children, summer festivity funds, assisted savings banks, and the like are also common. Of more immediate benefit are the canteens, kitchens, milk depôts, &c., which are attached to many large works, enabling workpeople to obtain wholesome food at low cost.

The provision of workmen's dwellings is also common, and, encouraged by the Governments and the factory inspectors, more and more capital is being invested in this way, for the Insurance Boards which interest themselves in the housing question—and nowadays most of them do—generally lend to employers on the same terms as to building societies.

In many cases these colonies are built from purely business and prudential motives. This is particularly the case where works have been built outside a town, as is increasingly common, and the only hope of obtaining a constant supply of efficient workpeople was to house them on the spot. In the colliery districts, as in England, a large part of the miners live in dwellings built by the mine-owners. Many of the newer factory

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colonies to be found on the outskirts of large towns are in every way admirable. The dwellings are well built and commodious, the surroundings are pleasant and healthy, and the rents are below those charged for inferior dwellings in private ownership. Sometimes these colonies are composed of miniature villas, which almost suggest the suburban residences of the middle classes.

It must be confessed, however, that the general attitude of the workpeople towards these benefactions, direct and indirect, is unappreciative, if not absolutely thankless. Often, though not always, employers have themselves to blame for this, as when the promised benefits are hedged round with conditions and reservations which take away all grace from the gift and encourage the workman to believe that not philanthropy but self-interest is the motive force. Most unpopular of all are the special pension and other funds to which workmen are compelled to contribute whether they wish or not, though whether they will ever derive benefit in return or even get back their subscriptions in the event of removal depends almost entirely on the whim of the employer. The system of pension funds which the firm of Krupp carries on, and to which workmen are compelled to contribute, is based on this one-sided principle. For years employees of the firm forfeited their contributions on leaving the service of Krupp, until a short time ago it occurred to some one to contest in the Industrial Court the legality of their retention. Judgment was given for the plaintiff, and as no appeal is allowed against the findings of such a Court a wide prospect of litigation is offered unless the statutes of these compulsory funds are altered. Already the workman who sued Krupp for debt has had many successful imitators, though the law does not allow an action to lie in respect of claims going back more than two years.

Still more open to objection are many promised benefits—pensions, premiums, and gratuities of all kinds—which are offered on such uncertain or exacting conditions that human nature would need to be well-nigh perfect in order to qualify for them. Here, again, it often rests with the arbitrary will of the benefactor to say whether a chance lapse from good conduct, as he or his representatives may claim to judge good conduct, shall cancel a long record of consistent service, for in nearly all

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the regulations which govern these voluntary charities it is expressly stated that no right is recognised.

In the case of the factory dwellings the obvious objection applies that they restrict a man's independence and make it difficult for him to negotiate on equal terms in the event of a conflict of opinion as to the relative rights of employer and employed, on which account the trade unions of all kinds are strongly opposed to them and do their best to deter their members from becoming tenants. Many of the contracts of tenancy are very stringent, not to say harsh. As a rule, a tenancy is *ipso facto* held to be determined with the cessation of the contract of labour; in other words, where no notice is usual —and this is the case in many industrial districts—a tenant may in strict law be discharged from work one day and required to quit his home the next. Much adverse criticism has been passed upon the colliery and factory dwelling-house, held on so uncertain a tenure as this, by social and housing reformers, and of all "social institutions" it might appear to be the one whose benefits are most equivocal.

It would be unjust, however, to generalise upon this subject. A large number of the voluntary benefits offered by large employers—and especially by old-established firms which are already in the third or fourth generation—are the outcome of genuine benevolence, wide-heartedness, and a desire to do more for the working classes than legislation requires or the strict law of the labour market would permit. A host of firms bearing names of wide renown, and still more of only provincial or local reputation, have established for themselves a tradition of philanthropy and patriarchalism which anticipated the modern insurance laws by many years, and it is a creditable fact that in not a few cases they have continued their own sickness and pension funds side by side with those created under legal obligation, so that their workpeople, in time of illness, incapacity, and old age, enjoy not only the benefits which are due in part to their own compulsory providence, but also the provision made for the same emergencies by pious founders whose foresight was greater than that of the State.

The Bavarian Government, than which no German Government takes a livelier interest in the welfare of the working classes, lately published a report on the various institutions and agencies

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maintained in the interest of their employees by the larger firms in trade and industry in that kingdom. It found proof of much genuine solicitude for the well-being of the workers, and was able to report that great progress had been made in this respect since the first inquiry of the kind in 1874. One significant change had, however, taken place in the meantime. While thirty years ago strikes were unknown in the factories whose workpeople had the benefit of these special forms of help and charity "such an effect of social welfare institutions can no longer be affirmed." The employers who reported on the subject were loud in their complaints of the "ingratitude" of their workpeople, who no longer showed the old appreciation of sacrifices made for their good.

The change of mind may be variously judged—what to the benefactor often appears base ingratitude is defended by the labour leader as an assertion of independence and a healthy protest against patronage—yet the fact is as stated, and the experience of Bavarian employers is that of employers in every other part of Germany. The workman contends that the old patriarchal relationship is an anachronism, out of keeping with the modern conditions of industrial life. He would prefer that the voluntary benefactions by which he is encouraged to good behaviour should take the form of wages, which he would be free to spend in his own way; and it is possible for outsiders to respect at once the high motives of the unappreciated philanthropist and the scruples of the independent and "thankless" workman.

Only a few words need be devoted here to the subject of industrial co-operation, for while the number of co-operative undertakings established in industry is large, the great majority of these undertakings have no relation to the working class. Genuine productive enterprises have been established among the hand-weavers in several of the textile districts of rural Saxony; co-operation is the basis of many prosperous bakeries in the large towns; and workmen have formed productive partnerships here and there in other trades requiring little capital, but the working classes would not appear to have reached the degree of self-reliance necessary to any extensive application of the principle of industrial co-operation. An interesting case occurred in Berlin not long ago of a co-operative workshop proving the solution of difficulties between employer and employed. Rather than give

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to his upholsterers the advance in wages which they demanded, the head of a large furniture manufactory offered to establish this section of his men in business, providing them with most of the necessary capital on loan, and agreeing to take all their output at fixed prices. The experiment succeeded; the men, working for themselves, earned far larger wages than before, and the employer paid no more for his goods.

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CHAPTER IX

THE WORKMAN

The characteristics of the German workman—Comparison with the English workman—The difference mainly that between acquired and natural aptitudes—The neatness and smartness of the German workman—The influence of the school and the army—The factory bath and clothes locker—The workmen's long hours and few holidays—Sunday relaxations—Socialist festivities—Attractions of the lottery—The value of social legislation—The insurance laws and their popularity—Socialist testimony in their praise—Expenditure in sickness and accident benefit and old-age pensions—The German workmen's thirst for knowledge—A visit to their educational workshops—Herr Bebel as a Mutual Improvement Society debater—Labour education societies—University Settlement work—Attitude of the authorities towards labour schools—Socialism and the theatre—The labour temperance movement, its origin and extent—Class awakening.

A SHORT time before his resignation, Count Posadowsky, the late Imperial Minister of the Interior, who will long be remembered for his zeal in the cause of social reform, paid a warm tribute to the working classes of Germany when he said in the Reichstag (February 6, 1906): "If Germany has just experienced a vast industrial expansion equalled by no other country in the world during the same time, it is chiefly due to the efficiency of its workers." The compliment was no less generous than deserved. The German workman possesses qualities—both technical and personal—of a very high order. Of his capacity his work is the best evidence. The day has gone by when the products of German industry could be summarily characterised, as they were characterised by a German professor in 1876, as of the "cheap and bad order": comparative cheapness remains, but while plenty of inferior goods are still produced, the very highest standard of excellence is also attained.

It is natural to compare the German with the English work-

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man, and the first difference which such a comparison brings to light is the German's lack of independence. He both submits to an endless amount of direction and he needs it. Probably the trait is due to the fact that control and regulation at every turn are the lot of all Germans, at least of all North Germans, from the cradle to the grave, with the result that initiative is crippled and men come to regard orders and instructions as a necessary part of life. Works managers who have had under them workmen of both nationalities—whether Englishmen working with Germans or Germans working with Englishmen—will be found invariably to agree that to the good qualities of the German workman self-reliance and trust in his own judgment do not belong. The broad difference between the German and the English workman is exactly the difference between acquired and natural aptitudes. Both learn their chief lessons in the school of experience, but what is added to their capacity and value from other sources results in the case of the German workman from technical instruction, in the case of the English workman from his practical mind and common sense. It is the old contrast between theory and practice: all the knowledge that theory can impart the German possesses, but he does not easily get outside his theories, and he is not even conscious of the limitations which they impose upon him. It would be better for the English workman if he attached greater importance to theoretical knowledge, yet considering how he has been taught to despise it—and most of all by the example of his employer—the wonder is that he has achieved so much and still so admirably holds his own. Given a wise conjunction of theoretical knowledge with the practical gifts which he already possesses in so marked a degree, and the English workman need fear no competitor.

Yet if the German workman is dependent he is also industrious and plodding. He is not quick, yet no one can turn out better work, if the right tools, material, and time are allowed him. If one were to judge him by the black pictures which are painted by reactionary politicians, whose imaginations are disturbed by the progress of Socialism and by its hold upon the masses of the people, it might be necessary to conclude that the German workman has lost moral equilibrium, that he lacks principle, and that his sole aim is the ruin of the industries and manufactures by which he lives. Such an estimate is strangely

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belied by the economic development which has synchronised with the growth of Socialism. The fine examples of modern architecture which are to be seen in every large town, the museums of industrial art, the very shop windows of every street furnish evidence that the workman's skill and conscientiousness were never greater than now, and that, however bitter the relationships between capital and labour may be, the industrial foundations of the country as laid during the last thirty years have been laid well and truly, and that the fabric which is rising above them is worthy of the pioneer work that went before.

No one can visit German industrial towns, and see the workmen in the streets and at their employment, without being impressed by a certain neatness in their appearance and a certain smartness in their bearing which, on reflection, he somehow does not seem to recall as obvious and matter-of-course characteristics of the working classes at home. Co-ordinating his observations with a view to relating cause with effect, he is unable to conclude that this difference, so favourable to the German workman, is the result of better wages or healthier homes. Is it a result of a more drastic school *régime?* Is industrial Germany taught from its earliest years to cultivate a cleanly exterior, an alert presence, and a respectful demeanour? All these virtues are no doubt fostered in the people's schools, though children of school age play on mud-heaps and run about barefooted in German towns as in others.

Certain it is that the German boy of the working class in general exhibits a respectfulness and self-restraint, the German girl a modesty and absence of ostentation, which are not equally characteristics of English youth belonging to the same rank, and for this the schools, which still cling tenaciously to the old-fashioned maxim that children should be seen and not heard, may unquestionably claim a large share of credit. But between youth and manhood there is time and opportunity for forgetting many of the healthy lessons of school life, and it is here that the German system of man-making differs from the English in that it bridges over this critical interval between youth and puberty by two disciplines, each of which in its way effectively carries forward and strengthens the influences and impressions which have been created by the primary school.

The first is the continuation school, and the second is the

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institution of military service. From the primary school the boy passes into the continuation school by a natural transition; where the one leaves off the other begins, so that there is no break in the mental process, no perceptible slackening of authority, and no inevitable danger of sliding into loose ways. Where, as is the case in some towns, the municipal Labour Bureau takes upon itself the duty of finding employment for boys who are about to leave school, an additional guarantee exists that the habits of regularity which the school teaches will not at once be cast off. It is worthy of note that many of the large engineering works train their men from boyhood forward, taking the apprentice at fourteen years, directing his work at the continuation school—which may be a special school attached to the works—and so instilling into the young worker the traditions and spirit of the place, that by the time he is out of his time an intimate tie has been created.

Regular habits are further confirmed by the military training to which every young man of full physical and mental capacity is subjected, and which now extends in the case of "common soldiers" (*Gemeinen*) to two years in the infantry, yet three years in the cavalry. Whatever be the need and value of such service from the national defensive standpoint, the disciplinary and educative results are by universal testimony most beneficial, while the spirit of order and the habit of working together with others which he practises enable the discharged soldier to fit naturally into the highly organised mechanism of modern industrial undertakings. If a German manufacturer in close touch with his men—or, better still, the practical manager of his works—be interrogated on the point, he will invariably answer in words like these: "Military service makes men of the recruits, and they come back to us far more efficient as workers than when they left. For they learn obedience, discipline, regular habits; they are more alert, quicker to understand, smarter in every way." "Ninety-nine per cent. of my men come back to me," said the manager of a large machine works in the Rhineland, "for I always keep their places open for them, and they are more valuable to me than before." It is interesting to be told that when on furlough the first thing a soldier does, after visiting his parents, is to go on to the factory to see his old foreman and comrades.

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While military training exerts this valuable moral and physical influence on the workmen, the baths and washing arrangements which are plentifully provided minister to bodily cleanliness in their own way. The German factory laws require facilities for washing to be provided in most industrial establishments, but many employers go farther and add shower-baths, which may be used by the men at stated hours in turn. Sometimes a nominal charge of a halfpenny or a penny is made, but usually they are free, and some employers even give their men twenty minutes or half an hour once a week in which to use the bath, which is supplied with cold, tepid, or hot water at wish. The wash-bowls and troughs are largely used both at the noon interval and the evening break, for a German workman has an aversion to being seen on the streets soiled with the dust and grime of the workshop. A changing room, with lockers for all the men, is a common feature of a factory or workshop, and here the out-of-door clothes are replaced by working attire. So much importance is attached to cleanliness and orderliness of appearance that apprentices are required on compulsion to do what their elders do voluntarily. "My foremen have instructions," said one large ironmaster, "to send back to the wash-trough any lad who is seen leaving the yard dirty."

To the influence of all these factors working together—the training received in school, the discipline of the barracks and the drill-ground, the encouragement of a proper pride in dress and general appearance—must be attributed the fact that the average German workman walks well, works well, and looks well. The explanation of the tidiness, orderly bearing, and smartness of carriage to which allusion has been made proves, in fact, to have a moral rather than an economic origin; these qualities are the result of training and not of social conditions.

In his habits of order and frugality the workman is dutifully supported by his wife. It would be a mistake to suppose that every German woman of the working class is a domestic paragon. If, however, in Germany as elsewhere untidiness and neglect are to be found in the houses of the workers, as a result not of poverty but of idleness, the domestic sense is in general very highly cultivated, and the typical *Hausfrau* of the people is an admirable manager, who stretches her husband's earnings to the

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utmost, feeds him well on a small allowance, keeps his accounts, pays his rent and taxes, and in general makes an ideal chancellor of the domestic exchequer, to which she not infrequently contributes by her own toil. German proverbial philosophy is full of maxims enforcing the domestic virtues and lauding the amenities of home life, and in spite of the inroads which industrial life has made upon the family circle they are far from losing their old application. These maxims may often be read in scrolls upon the walls, or embroidered upon table-cloths and hangings, in working-class homes, and familiarity does not appear to weaken their force. It may not be flattering to English pride, though it should be wholesome, to read in the report upon a visit of investigation paid to a number of English industrial towns in 1906 by a deputation of German trade union officials the verdict, "In modesty, sense of order, and self-respect, it appears to us, the English woman of the working class can learn much from the German. It is, of course, difficult to speak on such a subject without running the risk of falling into unsafe generalisations, and moreover many German working-class families are not conspicuous for these virtues. Nevertheless, in no German industrial district will women and children with clothes ragged and tattered be found in such number or in such condition as in the East of London, or in a working-class quarter of Manchester, though in Lancashire there are comparatively few married women in the textile industry, so that factory work cannot be blamed for this state of affairs, except that most of the women have been engaged in the factories before marriage and therefore have not learned housekeeping."* Of working-class family life in Berlin particularly the *Cross Gazette* wrote recently: "In the course of many years' observation we have learned to value the family life of the Berlin working and burgher classes. Hard work and the constant fear of going under here weld the family more firmly together than in towns in which it is easier to earn a livelihood and to preserve external respectability. A single Sunday excursion in the surroundings of Berlin, and even a Sunday walk in the Lindens or the Thiergarten, presents to every unprejudiced observer numerous pictures of family life which must warm his heart."

The German workman takes his pleasures soberly, though

* "Gewerkschaftliche Studien in England," p. 33.

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by no means sadly. For six days out of the seven he works nine, ten, and sometimes eleven hours a day, according to his industry, and excepting the Church and (in some States) one day in the year which is set apart for national repentance and prayer—the *Buss und Bettag*, which originated when Germany was in the throes of its struggle with Napoleon I.—there are no regular holidays, and even the attempt to make May 1st into a labour festival has been attended by little success. Hence it comes about that Sunday is devoted entirely to recreation. On that day the working classes will not be found in the churches but in the parks and woods if it be summer, and in the restaurants at other seasons of the year. All the large towns are in both respects well supplied. Like the middle classes the workers take their picnics and pleasures *en famille*, and the spectacle of rough-handed toilers enjoying themselves on a Sunday afternoon in the parks in the company of their wives and children is a pleasing one and throws light upon the healthy solidarity which, in spite of all disintegrating modern influences, still in the main characterises German family life. There is a certain negativeness about this form of enjoyment which a man of active temperament might not readily appreciate, for a German workman can patiently sit for hours together upon a bench or a patch of sward silently smoking his cigar and gazing into space. It would be unfair to say that such a condition of mental inertia is necessarily unintelligent; rather, it goes with the essential simplicity and *naïveté* of the German nature, which is still on the whole frugal in its hedonism as in other things, requires no violent relaxations, can make a little pleasure go a long way, and can derive satisfaction from trifles. The Germans have coined a word to describe this mood of passive content: it is the untranslatable word "*Behagen*."

There are periodical races in all the large towns, almost invariably run on Sunday afternoons, but the workman does not trouble much about them, and is contented to watch the returning cavalcades when the sport is over. The younger men are much given to Sunday cycling, and there exist in the towns workingmen's cycling clubs of different trades and occupations, all affiliated to a national association covering the Empire and having an aggregate membership of 90,000. An outside pleasure in which workpeople of all ages and both sexes share is that provided by

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the *fêtes* and excursions periodically arranged during the summer months by the labour and political organisations; but while relaxation and conviviality are the objects primarily pursued, it is customary to combine with pleasure a certain amount of propagandist work, in so far as this can be done without openly transgressing the restrictive laws of public meeting and drawing upon the festive comrades the attentions of the police.

The fact that the German workman is not addicted to the racecourse protects him from one strong temptation to gamble, yet there is another way open to him of seeking luck adventitiously, and that is by the public lottery. Labour leaders, jealous for the reputation of their class, sometimes tell one that the "enlightened working classes" are superior to the seductions of the lottery, and ceased to "play" (*spielen*) long ago, when trade organisations came into vogue. Inquiry of the lottery agent does not support that complimentary statement. The lottery agent will reply that a large part of his customers are working men or their wives; that in the case of cheap drawings, for which the tickets cost a shilling or two shillings, 90 per cent. of the sales are to working people. Moreover, it is said that the women are more addicted to "playing" than the men, and that children of ten exchange shillings for tickets which they confidently expect will bring them the "great prize." In the case of the expensive State lotteries it is common for several workmen to buy a ticket between them and share in the prize if fortune favours them. It is significant that in the working-class districts of the towns small cigar dealers commonly act as lottery agents, also that the results of the State lottery drawings are regularly published in the Socialist newspapers most read by the working classes. In the winter months the opportunities of relaxation are more limited, for the German working classes have no outdoor games, and the choice is virtually confined to the restaurant, with beer and billiards, and the theatre.

Speaking of the efficiency of Germany's workers in the speech to which reference has already been made, Count Posadowsky said: "This efficiency must inevitably have suffered had we not secured to our working classes, by the social legislation of recent years, a tolerable standard of life, and had we not, as

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far as was possible, guaranteed their physical health. Quite recently a representative of the chemical industry assured me of this in eloquent words." The effect of the triple system of insurance is to secure workpeople in times of sickness or accident complete medical treatment, either at home or in hospital, with such monetary benefits that the home can be maintained at the usual level of comfort without any serious depletion of family savings, where such exist, while pensions are granted in the event of premature invalidity and in old age. By this provision the weight of uncertainty and apprehension, which presses so heavily on the lives of working men concerned to meet their responsibilities as heads of families, is sensibly relieved, for, should the worst come, absolute want need not be feared. Of all the measures passed in the interest of the working classes during the past quarter of a century, the insurance laws are not merely the most beneficent: they are also unquestionably the most popular. They are still criticised freely, but only on points of detail and methods of administration: the workman would sacrifice any laws rather than these. Socialist criticism represents the worst that can be said against the Government and its achievements; yet it was a well-known Socialist labour leader, Herr Edmund Fischer, who wrote in the organ of the Glass Makers' Union in 1905: "Let the Industrial Insurance legislation be depreciated as it may, it must nevertheless be confessed that the old age and invalidity pensioners take quite another social position to that of the incapacitated grandfather of twenty-five years ago, who was a load upon his children or was exposed to the scandal of being maintained by the parish. Every increase of the pensions is thus a piece of civilising work. The social laws are, it is true, only foundation walls, but they are these at least, and for that reason they are the beginning of a great fabric of human solidarity." Taking a more practical view of the question, Herr Paul Kampfmeyer, the Socialist writer, said recently in the *Sozialistische Monatshefte*: "The German industrial insurance legislation has had almost the same effect for labour as protective legislation. It means an actual economic gain of a milliard and a half of marks" (£75,000,000).

These laws are sometimes spoken of as though they were a benevolence to the working classes. The fact is, that they cost the worker heavily, though the necessary contributions are

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willingly paid. The entire cost of accident insurance falls, of course, upon the employers; of the cost of sickness insurance, however, the workpeople bear two-thirds, the employer the remainder; and towards the cost of invalidity and old age insurance the workpeople and employers contribute in equal proportions, while the Empire adds £2 10s. per annum to every pension granted. The burden which is imposed on capital by these three insurance laws is considerable, yet as industry has, so to speak, "lived into" the system of insurance and accommodated itself to its obligations, the contributions have gradually passed into the costs of production as an item as inevitable as rent or interest. Not only so, but probably a majority of employers would be willing to acknowledge that the direct gain to themselves caused by the operation of the laws is more than worth the sacrifice which they entail, inasmuch as they make for the workers' physical welfare and as a consequence for their efficiency, and help to maintain their standard of life at a higher level than would be possible if they depended, in the eventuality of sickness, accident, and invalidity, upon their own unaided resources.

A few figures will show the magnitude of the industrial insurance system. The number of workpeople of all classes insured against sickness in 1905 was 11,903,794, the amount of contributions (workpeople and employers) paid was £13,860,000, and the amount paid by the sickness funds in benefits of all kinds was £13,860,000. The number of workpeople (including agricultural labourers) insured against accident in the same year was 18,743,000, and the value of the compensation and benefits of all kinds given to the victims of accident and their dependents was £8,779,000. The number of persons insured in 1905 against old age and invalidity was 13,948,200, the amount of contributions (workpeople and employers) paid was £8,064,000, and the sum paid in pensions and other benefits was £5,544,000, in addition to £2,367,000 paid in subsidies by the Empire. The average amount of the old age pensions granted in 1905 was £7 17s., and of invalidity pensions £7 16s. Between 1885 and 1905 there were paid to insured workpeople in sick benefit £137,564,000, in accident benefit £59,895,000, and in old age and invalidity pensions (since 1891) £58,108,000; a total of £255,367,000. During this period the workpeople

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have paid in contributions £149,583,000, and the employers £164,908,000; while the Empire has contributed subsidies to the amount of £19,340,000.

A well-known German essayist, Dr. Friedrich Dernburg, wrote a short time ago that "The true ambition of the masses of the German nation is less ambition for economic amelioration and material advantages than for education." It is, of course, difficult to say how far education is followed for the sake of the material benefits which it is able to bestow, and therefore is an indirect object of pursuit; yet every one who has followed working-class movements, and is acquainted with the intellectual life of the masses, will be ready to testify to the widespread popular desire for education, for knowledge, for a greater share in the spiritual treasures of the time. "The masses of the people," says the same writer, "see in education endless perspectives; their thirst for knowledge, like their ambition, impels them to the one aim, to be educated. More or less, all acknowledge that this, more than anything else, determines a man's rank in modern society, that personality is won by force of education. All the means of extending and perfecting education are seized with zeal, and often with passion. The most social and certainly the most popular of Ministries would to-day be a Ministry of Popular Education in the most universal sense."

That, too, is all true, and the nation of which it may be said is sure of a future. In order to understand this ambition for knowledge so characteristic of the working classes, it is necessary to enter their intellectual workshops and observe the tools which are there employed. "You do not know the workman's pride," said a Socialist deputy in the Reichstag, on a recent occasion,* addressing himself to the occupants of the benches on the Right; "we support ourselves by the work of our hands, and have laboriously worked ourselves upwards. We have painfully educated ourselves in the evening and night hours, while to you education came without effort; yet I would not exchange intellectual powers with you." The words may well form our starting-point.

And the agencies by which the working classes chiefly carry forward the education begun in the primary schools do not owe their existence to action from above, but are created and conducted

* March 3, 1908.

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by themselves. Forty years ago Workmen's Educational Associations (*Bildungsvereine*) were common in Prussia, and it was as a lecturer at meetings of such an association in Berlin that the Socialist pioneer, Ferdinand Lassalle, first came to the front. Even so revolutionary a Social Democrat as August Bebel was originally a member of one of these mild and strictly sedate and correct organisations, and literally imbibed the beginnings of his political thought at the innocent meetings of a Leipzig Mutual Improvement Society. Under the influence of Lassalle and other early leaders of Socialism the Workmen's Educational Associations developed first a strongly Radical and later a Republican agitation, and in the end they were merged in the wider international movement of the masses which became known as Social Democracy.

Outside the ranks of Socialism these associations still exist under different names, but the modern Socialists have merged their functions in the general work of the political and trade organisations. The usual practice is for a special education committee to be formed in connection with the local Trades Council or Federation of Trade Unions, and to this committee is entrusted the duty of providing for the intellectual as well as the recreative needs of organised and unorganised workers of Social Democratic persuasion. To quote from the rules of such a committee: "The purpose of the committee is the intellectual elevation of the workers and their relatives by lectures upon themes selected from the domains of social science, history, ethics, pedagogics, and natural science, the last with the accompaniment as far as possible of lantern slides; the holding of musical and literary evenings and dramatic performances, and the formation of exhibitions for the dissemination of good literature, works suited to juveniles, illustrated books, &c. The committee seeks also to exert influence on the arrangement of labour association festivities by the provision of suitable music and other representations, in order that even these festivities may more and more be worthy of the culture-movement of the working classes. The committee is further charged with the supervision of the labour library." The sum of £25 is placed annually at the disposal of one education committee of this kind, contributed in moieties by the Trades Council and the Social Democratic Election Association, in addition to the pro-

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ceeds of lectures, classes, concerts, and other gatherings, all of which go towards expenses.

In Berlin the Socialists carry on a Workmen's Improvement School, which conducts evening classes throughout the winter months, in which instruction is given on subjects like political economy, sociology, German jurisprudence, the history of literature, history, and rhetoric, while special courses of lectures are held for advanced students. A whole course of lessons or lectures costs a shilling. The classes begin at 9 p.m. and last an hour and a half. "In accordance with its device, 'Knowledge is power, and power is knowledge,'" writes the latest report, "the Workmen's Improvement School endeavours in a certain sense to make good the wrong done to the workers by the dominant class, in that it confines the elementary school to the absolutely necessary subjects." That may or may not be a just criticism, yet the popularity of the school proves the workers' desire for a knowledge beyond that with which the primary school sends them out into the world.

During the year 1906–7 1,705 persons attended the various classes, and of this number only 146 were below the age of 20 years, 1,056 were between 20 and 30 years, 248 between 30 and 40, and 50 above 40 years. There were 404 metal workers, 145 wood workers, 81 bricklayers, 74 painters, 71 book printers, and other classes of workmen largely represented were shoemakers, carpenters, paperhangers, tailors, smiths, saddlers, carvers, bookbinders, lithographers, wheelwrights, turners, gardeners, bakers, besides from one to four representatives of another hundred manual occupations.

In the same way the General Workmen's Educational Institute at Leipzig holds during the winter and spring months regular courses of instruction, lasting from one and a half to two years, in political economy, history, and social legislation. Most of the lectures are given on Sundays, and the others on week-day evenings. There is no charge for the classes, but it is required that the students shall belong to the political or labour organisations of the Social Democratic party. In addition public lectures on economic and social subjects are given during the winter, and labour libraries are accessible to working people in various parts of the town. A further branch of the Institute's work is the holding of high-class theatrical

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performances, concerts, and art and other exhibitions, for the special benefit of the working classes.

Hamburg, Frankfort-on-Main, Düsseldorf, and Munich are other towns in which systematic efforts are made on the same lines to enlighten the working classes on science, philosophy, and questions of the day. For example, during last winter the Munich Working Men's Educational Association held twenty courses of lectures, varying from two to twelve in number, on such themes as "Introduction to political economy," "Agrarian reform and policy," "Political and culture-history of the nineteenth century," "Evolutionary periods in Bavarian history," "History of political parties in Germany," "Industrial insurance," "International law," "The development of co-operation in Germany," "Modern poets and thinkers," "Albrecht Dürer," "The German language," and "Theories of criminal psychology."

The lectures are for the most part given by well-known leaders of the party, labour members of parliament, trade union leaders, editors and authors, schoolmasters, and other friends of the people. Most attractive of all are the classes and lectures which deal with economic subjects. The lectures held in Berlin are listened to by crowded audiences of working men and women who, at the end of a long day's work, have barely time to eat supper and change clothes before they hurry off to the meeting-hall half an hour or more away. The lectures are entirely scientific in character—it is Socialistic economics, and more controversial, more personal, more human than the economics of the chair; though never swerving from the text—yet they are followed with undivided close interest by hundreds of hard-headed and hard-handed trade unionists, whose genuine thirst for knowledge is one of the most striking and at the same time most pathetic things in the entire intellectual life of Germany.

As to the correctness of the economic theories expounded I say nothing. They are the theories of Socialism; they do not pretend to objectivity, but are avowedly put forward as weapons from the armoury of argument by which the existing order of society will one day be upheaved, to be replaced by one in which master and man will change places. And yet the reproach which is commonly levelled by superior persons against the Socialist leaders, that they are educating their followers on class

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lines and wilfully encouraging narrow and partial views of the State and of political and social science, comes with a bad grace when we remember how lamentably little the educated classes of Germany, with their twenty-two universities and their unequalled system of higher schools, have done to meet the intellectual needs and longings of the masses, and to bring within their reach the knowledge, the culture, the civilising influences which wealth has at command yet so seldom appreciates.

Something is being done to bridge the gulf between classes which inequality of educational opportunity far more than inequality in material condition has created, and it is a hopeful sign that it is the rising generation which is taking upon itself this work of conciliation. In not a few university towns educational work is carried on amongst the working classes by students and other educated men who recognise that one of Germany's greatest social evils is class alienation. In Berlin a band of students of the Charlottenburg Technical College led the way and the university of Berlin quickly followed; since then the universities of Strassburg, Göttingen, Munich, and Freiburg have taken up the same work. The main idea is to offer instruction in elementary subjects to adult workpeople who would be out of place in the ordinary continuation schools conducted by the municipal authorities for young people. In Berlin the number of such working-men scholars has in the course of five years increased from several hundreds to a thousand during each winter, the intelligent metal workers forming nearly a quarter of the whole.

It is interesting to know what the Social Democrats themselves think of this conciliatory work. A contributor to the *Neue Welt* wrote a few months ago: "The work of these students (they are only a small fraction of the whole, say 1 per cent.) is honestly meant and praiseworthy. An enlivening breath of warm and idealistic enthusiasm emanates from this social work. Those who, like the writer of these lines, have looked into the educational workshop cannot withhold the admission that the endeavour of these young men comes from the heart. The complete devotion to the work of popular education has also opened the eyes of many a student, and revealed to him a resource of popular power of which he never dreamed." Efforts so appreciated can hardly fail to contribute in some measure to

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the abatement of working-class distrust and isolation. Class pride and aloofness on one side have hitherto been answered by the same unlovely attitude on the other, until the working classes have learned to look abroad for sympathy—to the international brotherhood of labour which knows no ties of country or of race.

Stripped of phrases, the problem of Socialism in Germany as elsewhere is in essence the problem of social conciliation, and while ameliorative legislation will help in its solution artificial aids of that kind will be found to be less effective than the natural influences that flow from the approachment of classes and the cultivation between them of a closer community of thought and life.

The same interest in the efforts of labour to enlarge its knowledge is not always shown by the public authorities. A short time ago one of the best known popular educators of the Socialist party in Berlin undertook to give at Potsdam a course of lectures on jurisprudence, and an announcement to that effect appeared in the Press. Before the day appointed for the first lecture he received a notice from the Potsdam Provincial Government informing him that "in order to the giving of such instruction the sanction of the school supervisory authorities is necessary in accordance with a Cabinet Order of June 10, 1834," and as that sanction had not been given the lectures might not be held. This ancient Cabinet Order preceded by seventeen years the issue of the Prussian constitution declaring that "science and its teaching are free." Moreover, the Order referred unquestionably to the imparting of instruction to youth in ordinary schools, and was intended to check the establishment of unlicensed private schools. Nevertheless, there was no remedy against the arbitrary forcing of a obsolete regulation, and the lectures were not given. In the same way a *kindergarten* lately established by the Socialists at Charlottenburg was closed by the police authority, and on appeal being made to the Government the act was justified by the provisions of a Ministerial Decree going back to 1839.

Even in the matter of amusements the working classes are more and more going their own way. They have their own theatres and concerts, and working-men's musical unions and athletic clubs exist in all towns. In Berlin the "Free People's Stage" (*Freie Volksbühne*) provides for the workers at very

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small cost dramatic performances of a high order. Dramas belonging to Germany's classical period, as well as famous works by modern playwrights, both German and foreign, are chiefly presented; political, historical, social, and problem plays are mostly favoured, however, and Schiller, Lessing, Ibsen, Hauptmann, and Sudermann constantly figure on the bills. The repertory for the winter of 1906–7 included plays by Goethe ("Faust" amongst them), Shakespeare, Calderon, and Ibsen, as well as modern comedies by German and English writers, and in addition the society arranged concerts and art exhibitions. The interests of children are not overlooked, for the Workmen's Athletic Associations of Berlin conduct games every Sunday during the summer months in various parts of the city and the suburbs. The children assemble at fixed centres, and are taken in bands to the playgrounds, and after play are returned to their guardians at the starting-places. In all these efforts party purposes are undoubtedly kept well in view, yet their educational and recreative value is not on that account diminished.

One other endeavour which the working classes are making on class lines to advance their position individually and as a body should be named, and in many respects it is the most remarkable of all. This is the temperance movement which has sprung up in their ranks during the past ten years, and which is bearing fruit in every part of the country.

The question of temperance in the use of alcohol is a relative question, the meaning and importance of which are different in every country. It is impossible, for example, to apply identical criteria and standards to two countries so unlike as England and Germany; and even in Germany itself diversity of climate, cultivation, and race makes it necessary to exercise great discrimination in judging the drinking habits of the people. Broadly speaking, it may be said that beer still continues, as in the days of Tacitus, to be the national beverage of the true, original German. In the far North and North-East spirit is largely drunk, partly because it is a staple product of the country, partly because the population contains a strong Slav element. In the South, on the other hand, much cider and wine is drunk, the former in Würtemberg, the latter in Würtemberg, Baden, and Alsace, though of beer and spirit there is also a large consumption. Where, however, the German most differs from the Englishman is in regarding

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beer not as a luxury, but as an article of food, as which it often takes the place upon the table which in England is given to tea or coffee. The "poor man's beer" is, therefore, no hollow phrase in Germany, and it is the recognition of its important place in domestic life that has secured for it an immunity from taxation which to the Englishman appears incomprehensible.*

While, on the whole, the Germans are a great beer-drinking people, they are at the same time a sober people. It is no uncommon thing for a Bavarian workman to spend five shillings per week on beer, and an expenditure of three shillings is common in any part of the beer-drinking zone.† That, in spite of this, there is so little visible drunkenness must be attributed to several causes—the habit of piecemeal as distinguished from prolonged drinking, the absence of treating, possibly, to some extent, the habit of drinking in public view, but above all the small alcoholic content of the beer, which, as a rule, is about 2 per cent. in Germany, comparing with 5 per cent. in England. Nevertheless, there is much abuse of alcohol in Germany, and at the Roman Catholic Congress held at Würzburg in August, 1907, Father Neumann, of Trier, stated that "more than 80,000 persons fall victims to alcohol every year in Germany."

Even where there is no absolute indulgence, the opinion has taken root in labour circles that the use of alcohol is detrimental both to the individual and to the class, and that the workers' interests can best be served by a policy of strict moderation or entire abstention. Hence has arisen the labour temperance movement, which, originated by the Socialists, has gradually spread to other sections of the working class, until it now has active propagandists and a large body of adherents in all parts of the country. The most remarkable facts about the movement, indeed, are its spontaneity and its class character. For it no

* I cannot resist the temptation to relate an incident of over twenty years ago which first brought to my knowledge—conclusively and once for all—this diversity of standpoint. It was in the seminary of a Berlin professor of economics and the subject under consideration was taxation. Beer was then about to be further taxed, and the project was not popular. The emphasis laid by the debaters upon the importance of beer as an article of food led the English student, greatly daring, to refer to the English principle of taxing beer as a luxury. The professor's "eye flashed fire," as he thundered out, "Yes, that is your one-sided English view!"

† The Imperial Board of Health (*Gesundheitsamt*) has estimated that the average expenditure on beer, spirits, and wine for every male over fifteen years is £7 yearly, and for the whole population £2 4s. per head.

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special society, and certainly no temperance workers of the type known in England, can claim the least credit. Its inception is due to no outside influence or stimulus whatever; at the conferences and meetings of the labour temperance reformers no representatives of religion, no ethical teachers, no spokesmen belonging to the higher social circles are ever present; the workman is appealed to exclusively by men of his own class.

There is also no sentiment about the movement and no profession of high moral purpose; the more intelligent of the organised workers are simply persuading themselves that for physiological, economic, and social reasons the less use or even the entire disuse of alcohol is likely to prove advantageous to them, and in this purely egoistic sense they are welcoming temperance principles and with growing eagerness are taking advantage of the increasing facilities for practising those principles which come within their reach.

It is true that in its temperance propagandism the Socialist labour party, true to its principles, seeks to wean the working classes from alcohol by appeals to class prejudice, and endeavours to convince them that it is a deep plot of the existing "capitalistic order of society" that the masses shall drink themselves into a condition of physical and moral degradation and economic slavery, and by reminding them that every glass of beer or spirit drunk is so much money transferred from the pocket of the hard-working labourer into that of the pampered agrarian. Yet this is but part of the well-understood *métier* of Socialist controversy, and appeals of the kind would be entirely impotent if unsupported by tangible arguments.

The effects of this movement are most obvious to those who knew Germany years ago, before beer had forfeited the almost sacrosanct reputation which has immemorially clung to it. Even ten or a dozen years ago a teetotaler or a man who formally avowed what are understood in England as temperance principles was rare in Germany; to-day he is to be met with everywhere, for he moves in every class of society, and it is no longer singular to see temperance drinks served in licensed houses even to working men. Trade union conferences exclude alcohol from their meeting-rooms. Berlin masons, who a few years ago had the reputation of being the hardest spirit drinkers in Germany, may be seen carrying to their work harmless bottles of milk, just as a

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Lancashire factory operative carries his tin of tea. Temperance *cafés* exist in the towns for the sake of the working classes much on the same principle as the English coffee-taverns, though cleaner and more attractive; and factory canteens by the hundred are conducted on non-alcoholic principles. It is significant that there has, between the years 1899 and 1905, been a reduction in the consumption of beer per head of the population from 27⅓ to 26 gallons. In Munich, the capital of the great beer-producing country of Germany, Bavaria, the consumption of beer has fallen during the past twenty years from 109½ to 64¾ gallons per head, and in Nuremberg, in the same State, the consumption has fallen during the past ten years from 75 to 56⅓ gallons per head. The consumption of beer in England in 1905 was 33⅓ gallons per head of the population.

The Governments and the heads of Government establishments —most of all in beer-brewing Bavaria—are encouraging temperance amongst the working classes in many ways. When large public works, like railways, docks, and canals, are constructed, the authorities require the contractors to keep alcohol in the background in all their canteens and to give prominence to non-alcoholic drinks. The factory inspectors are instructed to keep the temperance question in mind in their intercourse with employers. In State workshops special provision is commonly made for the "abstinenten," who are given the choice of coffee, tea, milk, and mineral waters, instead of beer, and in the Bavarian railway workshops this has been done to such an extent that an entire change is reported to have taken place in the drinking habits of large sections of working people, the use of beer having ceased altogether in one depôt canteen. It is also significant that the Imperial Insurance Board several years ago formally requested the Employers' Accident Insurance Association for the beer industry to take steps to discourage the custom of allowing free beer to brewery workpeople. Since then a large number of breweries have abolished this custom, though from two to six litres (and even eight litres in Bavaria and Würtemberg) are still allowed to the principal workers in most breweries.

Nevertheless, this movement has emphatically sprung, and derives its strength, from below, and all that benevolent Ministers of State and departmental officials have done to combat alcoholism would have been ineffectual but for the fact that the

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working classes have taken up the question as a purely class and economic question and herein have been zealously encouraged by their party and trade unionist Press.

A few years ago it seemed impossible that the movement would be seriously taken up by the central Socialist organisation. When it was first discussed at the Hanover congress of 1899 it was in a spirit of undisguised ridicule. Even Herr Bebel, while declaring himself to be a strong opponent of excessive drinking, threw cold water upon the little band of temperance enthusiasts who appealed to the congress for a "mandate," and stated amid applause: "In my opinion we as a party are not called upon to debate the alcohol question; we must not waste our energies on trivialities." The advocates of the new movement were not, however, discouraged; at the Mayence congress of the following year they secured a more favourable hearing for their views, though still the party held to the maxim that for Socialists alcohol (like religion) was "a private matter." But agitation, the free use of literature and the Press, and conferences in season and out of season, did their work, and at last the sympathy of many of the most influential and most trusted leaders and spokesmen of the party was won to the side of the "water fanatics," as they were called. Hence it came about that when the great Westphalian miners' dispute broke out at the beginning of 1905, the first advice given by the men's famous "Committee of Seven" to the strikers was "Avoid alcohol." "And not least to this appeal to self-restraint (writes a Socialist journal) it was due that in spite of the enormous number of heterogeneous and undisciplined strikers who took part in that struggle the whole movement was characterised by the most exemplary quietness." The final victory came at the Essen congress of 1907, when a formal blessing was bestowed on the movement, which may now be regarded as bearing the official stamp of the Socialist party, and as being directly associated with the other measures by which that party hopes to achieve labour's ultimate "emancipation" from the thraldom of capital.

Attention has been called to this movement at some length for two reasons. In the first place it is a singular example of the spirit in which the German working classes are endeavouring to strengthen the consciousness of class in their own ranks and to consolidate labour into an estate which shall be able to stand

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alone, independent of outside influences, relying on its own efforts, and working out its salvation by its own unaided devices. More important, however, is the economic aspect of the question. The conviction has taken hold of a large section of the workers that their industrial efficiency and their value as members of society will be increased by the practice of temperance. It is not from love of their employers or of labour in the abstract that they impose upon themselves this restraint; egoism and class interest are avowedly their ruling motives. For Germany's mercantile rivals, however, it is the effect rather than the cause of this movement which really matters, and it remains to be seen how far the temperance crusade which labour is embracing, as part of a great class awakening, will lead to increased national efficiency.

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CHAPTER X

THE SYNDICATES *

The concentration of capital and industrial enterprise—The principal industries syndicated—The effect of Protection in encouraging the growth of syndicates—Protective duties not the cause but the occasion—German writers quoted on the point—The abolition of Protection would not abolish the syndicates—They are symptomatic of a movement towards the more efficient organisation of industry—The principal forms of industrial combination now in vogue in Germany—Examples in different industries—The charges against the syndicates stated and considered—The price policy of the Coal Syndicate—Reference to the Spirit Syndicate—The practice of "dumping"—Injury done to the manufacturing industries—Instances given of underselling abroad—Testimony of German Chambers of Commerce on the subject—The complaints of the retail trader—The standpoints of capital and labour—The absorption of small by large undertakings—"Mixed" *versus* "pure" works in the iron industry—Has the movement towards combination taken its final form?—Trusts now openly advocated—A possible alternative is that the system of large combinations may break down for want of strong men—The attitude of the working classes—Certain trade unions favourable to the syndicates—Proposed legislative measures for the control of the syndicates—Attitude of the Association for Social Reform—Professor G. Schmoller quoted—Nationalisation of the coal mines widely advocated.

"NEVER before," wrote the Austrian Consul in Berlin to his Government in 1906, "was economic Germany so entirely under the absolute rule of a group of men, barely fifty in number; in no former period of industrial expansion was the old formula of 'the free-play of forces' abandoned to such a

* Dr. W. Morgenroth, author of the monograph "Die Exportpolitik der Kartelle" (1907), has kindly read the proof-sheets of this chapter. He writes: "I recognise therefrom that in fundamental ideas we to a large extent agree. From my standpoint your statement of the question is altogether correct." Perhaps Dr. Morgenroth on the whole, in the work cited, takes a more serious view of the influence of the cartells than, under present circumstances, seems to me justifiable.

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degree as in 1906, when the momentous decisions as to the extent of production, sales abroad, prices, the granting of credit, the raising of new capital, and the fixing of wages and rates of interest lay in the hands of a few persons found at the head of the large banks, mammoth industrial undertakings, and great cartells. The lion's share of the industrial boom has fallen to these great combinations of interests, whose gains have been the larger the more their industries were ruled by syndicates."

The words deserve to be reproduced for the proof they afford that the German cartell and trust movement is attracting interest in wide circles. It is also true, as the writer suggests, that this movement extends not less to finance than to industry. More and more the provincial banks have been absorbed by the large corporations which have their seats in Berlin. These corporations have also combined amongst themselves, until to-day hardly more than half a dozen institutions seriously count in the financial world. Three of these work with a capital exceeding twenty million pounds each, and play an important part in most of the great financial operations by which German industry and trade are promoted in transoceanic countries, as well as in the combinations which are so rapidly completing the concentration of industrial enterprise at home.

Industrial combinations are by no means of recent origin in Germany. A historian of inquiring mind has discovered that a syndicate existed as early as 1836.* Even the cartells of the modern kind began to appear early in the 'sixties, and associations of producers were formed in the pig-iron industry in 1873, when protective duties still continued, under cover of which higher prices were charged to home than to foreign buyers. The cartells did not, however, make much progress until the close of the Free Trade era. Since then they have increased to such an extent that it is no exaggeration to say that almost the whole of Germany's exporting industries are at the present time altogether or partially syndicated; certainly no single important branch of production has kept aloof from the triumphant movement towards concentration. At the close of the year 1905 over 400

* Following German usage, the terms "cartell" and "syndicate" are here employed indiscriminately. Nevertheless, they are not, strictly speaking, synonymous. The syndicate denotes a higher form of organisation than the cartell, inasmuch as it generally acts as a sale agency for the affiliated firms. The purpose of the cartell proper is the fixing of prices and conditions of sale.

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cartells were known to exist, of which 19 were in the colliery industry, 24 in the stone and earth industries, 64 in the iron industry, 11 in the industries connected with metals other than iron, 10 in the glass industry, 46 in the chemical industry, 33 in the textile industries, 4 in the earthenware industry, 6 in the leather and rubber industries, 7 in the paper industry, 5 in the wood industries, 16 in the industries connected with foodstuffs and luxuries, 2 in the electrical industries, 132 in the brick industries, and 7 in other industries. This enumeration, of course, disregards amalgamated firms, though these in more than one industry take a virtually monopolist position. Many cartells in the mineral industry are so closely related, however, that the number of independent organisations is much smaller than the foregoing figures might indicate. Thus the Siegerland pig-iron syndicate and the rolled wire, gas-pipe, boiler tube, and plate syndicates are all more or less dependent upon the great Steel Syndicate, whose breath can unmake as its breath has made them. Further, the mere recital of the number of cartells conveys no exact idea as to the extent to which industry is concentrated. Where the production of an industry is overwhelmingly controlled by one of these combinations—and there are many examples of the kind—the practical effect is that of the trust in a modified form.

It is a question still warmly debated in Germany how far the cartells and syndicates are a result of protective legislation. Long before syndicates existed Friedrich List, the father of modern Protection in Germany, wrote: "If protective duties for a time make home manufactured goods dearer, they will ensure lower prices in future owing to home competition." But in some industries the syndicates have to a large extent destroyed competition, so that prices are regulated by a double form of protection—against underselling from without and underselling from within.

The fact that syndicates existed before the protective legislation of 1879 is proof that customs duties were not absolutely essential to their formation. Independently of Protection, there are other conditions which favour the successful syndicating of industries—*e.g.*, (*a*) the existence of a virtual monopoly, caused by the comparative rarity of raw material, or its concentration in few hands; (*b*) the same natural monopoly in regard to half-

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manufactured or finished products; (c) favourable circumstances as to quality, production, transport, &c., may create partial or local monopolies in marketable articles, facilitating the formation of syndicates; and other illustrations might be added. All these conditions have operated in the case of one or other of the industries which are now ruled by syndicates.

Nevertheless, a certain significance must be assigned to the fact that the era of the syndicates has synchronised with the operation of the protective tariffs introduced from 1879 forward, and on the whole it is impossible to resist the conclusion that while Protection may not be the primary cause of the syndicates, it has greatly favoured their formation, and that without it they would not have reached their present dominating position. This view would appear to be increasingly held by German writers on the syndicate movement. One of the latest of these, Dr. W. Morgenroth, in an able criticism of the cartells from the special standpoint of the export trade,* writes:—

"Since nearly all cartells, syndicates, or trusts aim at controlling the market and restricting competition between their members within their sphere of influence as far as possible, it must be immensely to their interest that foreign competition should be kept out of the market which they seek to monopolise, so that the outsiders may not disturb their policy there. For that reason protective duties are with most cartells the most important presupposition of really successful equipment and operation. Protective duties can only be dispensed with, without disadvantage, where their place is taken by natural advantages or monopolies. . . . Where there is a market open to international competition protective duties are the principal support (and at the same time the foster-parent) of the 'national' cartells as we know them to-day. These duties form a wall round the territory syndicated, keeping out the flood of foreign and cheaper foods, and if this wall were to be torn down most of the cartells would be swept away by the inrush of competition."

Again: "Protective duties and cartells stand in reciprocal relationship. The cartells for the most part need for their existence protective duties, and protective duties, in order that they may be thoroughly effective, require cartells. It is therefore

* "Die Exportpolitik der Kartelle," Leipzig, 1907.

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no accident that the real era of the syndicate in Germany began shortly after the change of fiscal policy which took place in 1879" (p. 9).

Even a discriminating defender of the cartells, Dr. R. Liefmann,* is compelled to acknowledge the significance of the fact that "In Free Trade England the tendency to monopolistic combinations has been very slight, much slighter, indeed, than might have been expected in the oldest industrial country in the world." Dr. Liefmann, in a fair and temperate survey of the whole question, comes to the conclusion that while protective duties are "neither the cause nor the necessary presupposition of cartells," they distinctly "facilitate the formation of cartells." He writes:—

"It is incorrect to say that Protection was the cause of the cartell movement, and that the *entrepreneurs* only formed cartells in order to exploit Protection to the best advantage. They are rather a product of causes lying far deeper—of the entire modern development of industry, with its increasing competition, the increasing risks of capital, and the falling profit. *Entrepreneurs* did not abolish competition and form unions for the purpose of exploiting the duties, but in order to put an end to the severe competitive war; they strove for Protection as well as for combination, the first in order to get rid of foreign competition, the latter in order to prevent purposeless rivalry among themselves, recognising that protective duties brought them little advantage so long as the competitive war continued at home."

The close relation between Protection and the syndicates is not denied by this writer, and, indeed, it is proved by the fact that the syndicating of industry has been carried farthest where the greatest protection exists against foreign competition. Dr. Liefmann concedes the relationship when he says, "The greater the export and the more difficult it becomes owing to the competition of other countries, the greater will be the need for cartells at home."

Granting, however, that Protection has been, if not the direct cause, at least the occasion of the majority of the syndicates, it is nevertheless unlikely that the relaxation of the protective duties would diminish the tendency towards combination. Some of the cartells are already virtually independent of foreign competition—that is, they could operate successfully either with or without

* "Schutzzoll und Kartelle," p. 6, 1903.

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import duties: notably the Potash Syndicate and, in a less degree, the Coal Syndicate, the one enjoying a natural monopoly and the other, within a large part of its sale area, a geographical monopoly. The real significance of these organisations is to be seen in the general tendency towards the aggregation of capital and the concentration of industry which they illustrate; and the chief explanation of this tendency must be sought, not necessarily in "capitalist greed," as Socialist writers are fond of saying, but in the natural endeavour after more efficient forms and methods of industrial organisation.

At the same time it is objected by many persons not unfavourable to syndicates on principle, that the undue protection afforded to them has expedited the "industrialisation" of Germany more rapidly than has been good for the country, and especially for the interests of agriculture, the small trades, and the handicrafts. The existence of a chronic scarcity of rural labour is a standing witness to the precipitation of economic changes to which the agrarian classes have been unable to accommodate themselves.

The industrial combinations found in Germany at the present day are of various kinds.

(*a*) The loosest form of combination is a union of producers created for the purpose of fixing the conditions upon which their goods shall be supplied either to the retailers or the public direct, including terms of credit, payment, discount, &c. Where the number of members of such a union is small, this plan of combination can be followed with success; the greatest difficulty arises when a multiplicity of undertakings has to be dealt with. In practice the wide latitude which is reserved by the affiliated works greatly restricts the efficacy of this form of combination, which has nothing in common with the highly-developed syndicate.

(*b*) A second step in the organisation of industry is the combination formed for the purpose of concluding and enforcing price conventions, and at present a majority of the German cartells are of this kind. These price agreements may be concluded between the producers or between dealers who control a sufficiently large market. As a rule they fix the minimum prices at which definite goods and qualities of goods can be sold.

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It is the purpose of neither of these forms of organisation directly to regulate production. The combined firms continue to be rivals, though their rivalry is carried on under conditions which create a fairer field and secure to all a better prospect of remunerative trading. They no longer compete as to price at each other's cost but at the cost of the consumer, who may or may not be better served owing to the less inducement to sacrifice quality to cheapness.

(*c*) More restrictive in their purpose and operation are the sale conventions. In syndicates formed on this basis the producers subordinate themselves to a central organisation which acts in the interests of all equally, in return for their surrender of individual rights. This central organisation sells the whole marketable output of the affiliated firms, allots to each its share of such sale, and fixes prices. There may still be over-production, but at the risk of the firms which resort to it. Virtually the members of such a syndicate are reduced to the position of manufacturers working on commission.

(*d*) A further development is the syndicate whose purpose is to regulate the production of a particular industry and fix each producer's share in the aggregate output. Here the individual producer absolutely surrenders his independence and limits his profit-earning capacity. He cannot produce more goods than the cartell allots to him, and his proportion is determined according to invariable rules.

It is obvious that but one further step—union of capital—is needed to arrive at the logical development of the cartell, the trust.

The highest degree of combination so far has been reached in the productive syndicates of the coal and iron mining and the iron and steel industries. The coal-mining industry leads the way; for though the syndicates in this industry are few in number they are of large extent, and cover almost the whole market. The largest is the Rhenish-Westphalian Syndicate, originally formed in 1893, with its headquarters at Essen. The Syndicate was the result of various attempts, dating so far back as 1878, to regulate the production and price of coal by agreements between competing collieries. Several loose and limited organisations were formed between that year and 1891, but in no case was a permanent form of combination found feasible. There are also

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syndicates for Upper and Lower Silesia, working from Kattowitz and Waldenburg respectively, and the chief Saxon collieries are similarly combined. In addition there are eleven syndicates of various kinds in the lignite or brown coal industry, the principal being those for the Rhenish-Westphalian, Lusatian, Saxon, and Magdeburg mining fields.

The productive syndicates in the coal-mining industry are supplemented by sale syndicates, working under the control of or in close connection with the main combinations, in such a way that the latter determine the entire conditions of the retail trade. The arrangements enforced by the Rhenish-Westphalian Coal Syndicate upon the retailers are so stringent that the latter have practically become mere agents subject to the will of a dictatorial principal.

In the iron and steel industries the syndicates regulate the output from the primary processes to the marketing of the half-finished article. The principal syndicate in the ore-mining industry is the Association for the Sale of Siegerland Ironstone. The production of pig-iron is completely syndicated in all the important districts, and the unions work in close communication. Of the five great syndicates the most powerful are the Pig Iron Syndicate of Düsseldorf, to which some twenty smelting works belong, and the Siegerland Syndicate, comprising in 1903 sixteen works, while the Upper Silesian works and the Lorraine and Luxemburg works are separately combined. The largest combination in the steel industry is the Steel Works Union (*Stahlwerksverband*), commonly known as the Steel Syndicate, which virtually controls the production, sale, and price of all half-manufactured goods produced in Rhineland and Westphalia. In this combination 31 undertakings are united, while within the syndicate there are special agreements relating to various products.

In the half-manufactured steel industry there are between thirty and forty syndicates of all kinds, most of them being sale syndicates, though some regulate prices, and a few regulate production. The chief are those in the plate and plate goods, wire and wire goods, and pipe industries. There are also two associations of iron foundries, one established at Cologne and the other comprising a number of works in East Prussia and Saxony.

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In the engineering industry proper there are few syndicates, and these are of very limited influence. The reason for this is less the unwillingness than the inability of this industry to combine on the usual cartell principles.

In the small iron industry and the miscellaneous metal-working industry generally the syndicate movement has also been but little successful, though a number of price conventions have been concluded in Westphalia, relating, for example, to agricultural forks, locks, flat-irons, knife-grinding, and pins, while syndicates have also been introduced in certain branches of the copper, lead, and zinc industries.

In the chemical industry the largest combination is that formed in potash mining, which has existed since 1884. Powerful and wealthy though it is, however, the Potash Syndicate has not had matters its own way, for the industry is still young, a large number of new potash mines have of late years been opened, and while the success of the syndicate depends upon the establishment of a monopoly, to do this is increasingly difficult. It is said that at the present time at least two hundred companies of all kinds are engaged in the profitable business of potash mining. No general syndicate has been concluded in the chemical manufacturing trade, but several combinations of powerful firms operating on competitive or complementary lines have been formed.

Other industries which have to a large extent been syndicated are the glass, wallpaper, cement, earthenware, spirit, powder, paper, artificial manure, sugar, leather, and certain branches of the textile and rubber industries.

The Spirit Syndicate is particularly interesting as representing an alliance of industry with agriculture. Before the Government Commission which has for several years been inquiring into the working of the cartells one of the principal witnesses for this syndicate defended its monopoly by the argument that agriculture was by its instrumentality supported, and agriculture was in its turn the support of the State. "Break down this pillar with thoughtless hand," he gravely said, "and from the ruins nothing will emerge but the red flame of revolution."

In the beer-brewing industry the efforts to establish strong combinations have not been attended by success. The principal

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reasons for this are doubtless the enormous extent of the industry and the difficulty of uniting rival breweries in a country in which beer production is so highly specialised. A further obstacle is the great development of the tied-house system, especially in Bavaria, where "free" houses are the exception, and where the independence of the licensed victuallers has been absolutely destroyed. A short time ago a congress of Bavarian licensed victuallers appealed to the Government to release them from their intolerable position of subordination "owing to cartells, agreements, and leases," which made them "the mere employees of the breweries."

There are four main counts in the case made out against the large syndicates which not only control production but regulate prices.

(*a*) In the first place it is asserted that the syndicates, not satisfied with curtailing the costs of production and distribution, and with checking the undercutting that formerly resulted from competition, use their power to raise prices unduly.

(*b*) They are also charged with enforcing higher prices for raw and half-manufactured material sold at home than they charge to foreign buyers, to the prejudice not merely of home undertakings engaged in the final processes of manufacture, but of the entire body of consumers.

(*c*) Further, it is alleged in some cases that far from being able to cover the entire home needs, they have, protected by import duties, deliberately kept the production below national requirements in the interest of higher prices.

(*d*) The dealers or middlemen complain that their liberty and independence have been taken from them, that their trading opportunities are injuriously restricted, and that their extinction is the ultimate aim of these syndicates.

So far as the facts themselves are concerned, there is ample evidence to prove that all the injuries and disadvantages complained of by dependent industries and individual traders have actually been experienced during the operation of the cartells. The difficulty is to apportion in every case the exact degree of blame or responsibility which attaches to the cartells. Prices have certainly increased during the operation of the Rhenish-Westphalian Coal Syndicate, and by general consent owing to the Syndicate's policy. Dr. Morgenroth writes: "While

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Germany used to have the cheapest coal in the world, and even up the end of the 'eighties had lower prices than England, the opposite is now the case. In consequence of the Syndicate's policy the German prices are now, in times of normal trade, higher than the English." One of the severest attacks made upon the Coal Syndicate occurred in 1907, and was conducted simultaneously in the Reichstag and the Prussian Diet, as well as in the Chambers of Commerce and the Press. Throughout North Germany the price of coal reached during that year a height hardly ever known before; industry suffered as much as private consumers, and a demand for the nationalisation of the collieries was heard on all sides. Yet even when the turn of the industrial tide came towards the close of the year the Syndicate advanced prices further.

Herr Calwer, the Socialist well-wisher of the cartells, argues that the Westphalian Coal Syndicate cannot dictate prices, since it does not control the entire market, the competition of lignite always exerts a pressure in times of tension, and water transport facilitates the import of foreign coal. It should not be overlooked, however, that within a very wide area this Syndicate is almost absolutely supreme. Against 64,769,000 metric tons of coal which the syndicated collieries of the Ruhr coal-field were entitled to sell in 1906, an amount considerably below their actual output, since it does not include their own consumption, the fiscal mines of Prussia had an output of only 1,014,000 tons, and the other non-syndicated mines an output of 610,000 tons. Further, lignite is so far non-competitive that at any price it is a poor substitute for coal for industrial use, and it likewise is to a large extent syndicated. As to the competition of foreign coal the Syndicate is careful to adjust its prices to geographical necessities, with the result that towns far distant from the seaboard yet enjoying the advantage of river transport, and thus having access to foreign supplies, are able to buy Westphalian coal at a cheaper rate than inland towns near to the coal-fields, and the same preference is shown to towns which can choose whether they will buy Westphalian, Saar, or Silesian coal. Thus it came out in evidence during the Cartell Inquiry that while the gasworks of the town of Essen, in the very centre of the Ruhr coal-field, were paying 12s. 9d. per ton in 1905, the

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town of Dessau 300 miles to the east, was paying 11s. 7½d., and that Hanover paid more than Mannheim for Westphalian coal, though nearer by a hundred miles to the source of supply, because Mannheim has the option of purchasing Saar coal and of importing from England by waterway.

The basis of the price policy of the cartells is, in fact, differentiation according to circumstances. Shortly expressed, the policy is that of selling at all hazards at the best possible prices. The highest prices are charged for goods intended for home consumption. Here the cartell, if it controls the market, is able to dictate its own terms, so long as it takes care to keep below the competition line. A reduction is made upon these home prices, either direct or taking the form of a bounty, if goods supplied to German customers are intended for export. The reduction is supposed to cover the costs of transport to port of shipment plus a preference to enable the exporter to undersell his competitors in the foreign market. The lowest prices are charged for goods exported by the cartell direct, and here the cartell would appear to protect itself very carefully against those of its customers who have the benefit of export rates.

Before the Cartell Commission the Spirit Syndicate admitted that prices had increased as follows for first quality spirit:—

Year.	Maximum Price.	Minimum Price.
	Marks.	Marks.
1889–1900	52.70	47.50
1900–1901	51.70	46.50
1901–1902	45.0	38·70
1902–1903	49.40	46.10
1903–1904	68.40	51.0
1904–1905	72.20	65.60

In this case the outside firms likewise benefited to the full by the higher prices imposed by the spirit ring; as one witness said: "The free spirit manufactories have filled their pockets owing to the high prices." During the years 1899–1905 some of the large Prussian spirit companies increased their dividends by from 20 to 50 per cent. These high prices were obtained by the simple device of destroying or overriding competition at home and selling surplus goods cheaply abroad. The representative of a

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celluloid factory stated in evidence that spirit which cost 20s. 4d. in 1895, before the spirit ring was formed, cost in 1899 32s. 9d., and in 1905 48s. 1d. A varnish manufacturer stated that spirit which cost his firm 23s. in 1900 cost 45s. in 1905, though the same article could be had for 25s. in Austria.

Instances of this kind could be multiplied. That prices have in many cases been deliberately forced up to unreasonable levels by the action of powerful syndicates cannot be gainsaid. On the other hand, the effect has in other cases been less fluctuation and greater equilibrium; the old alternation of excessively high and abnormally low prices has given way to a higher mean, which has certainly paid the producer better, and probably has often in the long run been better for industrial consumers. This is the claim advanced for the cartells by Herr Kirdorf, the Director-General of the two most powerful combinations, the Westphalian Coal and Steel Syndicates: "The former excessive fluctuation of prices has given place to a more restricted movement on a medium level"; and though there may be doubt as to whether either the coal or the steel industry is a convincing illustration of the wholesome influence of the syndicates, there can be no doubt that even in these cases prices have on the whole kept within a narrower range than formerly. This favourable view is taken by Herr Calwer in the work already cited:

"Excesses have occurred in the price policy of the cartells and will occur in the future, especially where a syndicated article enjoys a protected market and inland competition is as good as prevented. But in general the effect of the syndicates on price policy is not to be sought in the absolute increase of prices, but in the maintenance of more stable and equal prices. The pre-cartell era was distinguished by very frequent variations of prices, according to the state of trade and the force of competition. In times of increasing demand prices rushed up spontaneously and suddenly, and then after a short time, when excessive supply and over-production had set in, they rapidly dropped to a level that was disastrous not only for the capitalist, but for the workpeople employed. Such a ruinous movement of prices is impossible where powerful productive cartells exist. Prices may rise in times of good trade, but gradually and with a certain deliberation; they will fall in times of industrial reaction, but here, too, the decline will be gradual. A price policy which

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takes this form leads us out of the anarchical condition of things which existed in the pre-cartell era into a period marked by regulation of production, in which the existence of industrial undertakings is no longer threatened by the free play of wild competition. The cartellised concerns, alike in their profits and losses, are no longer, as was formerly the case, subjected to the powerful vicissitudes of trade."

The objection that higher prices are charged to home than to foreign buyers is the standing grievance of the manufacturing iron and steel works against the Coal and Steel Syndicates. The evidence placed before the Cartell Commission showed conclusively that this policy of selling cheaply abroad and dearly at home has been systematically followed by the Coal, Pig-iron, Steel, Wire, Plate, Girder, Wire Tack, Paper, Spirit, Sugar, and other Syndicates.* According to returns placed before the Commission the average price of the coal sold at home by the Rhenish-Westphalian Coal Syndicate in 1900 was 10s. 8½d. per metric ton and of that sold abroad 9s. 10d., a difference of 8·2 per cent. against the home buyers; in 1901 the prices were 11s. and 11s. 2½d., respectively, or 1·9 per cent. in favour of the home market; and in 1902 10s. 5½d. and 9s. 10d., or 5·8 per cent. against. Similarly the average price of coke sold by the Coke Cartell in 1900 was 17s. per ton for home consumption and 16s. 1½d. for coke sent abroad, in 1901 17s. and 16s. 10½d., and in 1902 15s. and 13s. 1½d. respectively. These figures, however, deal with the sale as a whole, and ignore the far greater preference given to the foreign market in individual cases. Abundant evidence of this comes from the industries which have specially suffered. When the inquiry began the representatives of the iron industry praised the Coal Syndicate and the representatives of the Coal Syndicate praised the Iron and Steel Syndicates in return; each contending that the whole operation of the combinations was not merely harmless, but for

* In its report on German foreign trade for 1902 the Imperial Statistical Office expressly refers to this practice of "dumping." It says: "Special mention should be made of the great increase in the export of iron and iron goods, these amounting to £1,500,000. . . . This large increase in the export of iron and iron goods, and especially of half-manufactured products like pig-iron, angle iron, malleable iron in bars, &c., is to be attributed to the unsatisfactory condition of the German iron industry, which, with a view to the continued employment of the works, relieved the home market by selling large quantities abroad, and especially to Great Britain."

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the benefit of the community as well as of the industries affected. It seemed as if the investigation was superfluous and its issue a *chose jugée*. They had, however, forgotten the buyers of manufactured iron and steel, who advanced a strong indictment against the masterful ways of the producing syndicates. It was shown that the Pig-iron Syndicate sold at home 21s. and 22s. above the international price, and that the Wire Syndicate had in 1900 three prices, one for goods sold for home consumption, viz., £9 5s. per ton; one for goods intended for export, £8 10s. per ton; and one for direct sale abroad, £5 15s. per ton. The same preference to foreign buyers has marked the price policy of the Rail Syndicate, which exported rails to Belgium at £4 10s. (f.o.b. Antwerp), while the Prussian Railway Administration was paying £6.

A witness giving evidence as to the price policy of the Wire and Wire Tack Syndicate said: "The managers of the great syndicates should really reflect before giving a large portion of their entire production to foreign countries in order to support and strengthen there industries which afterwards return to us the finished article and paralyse our industry in finished and refined manufactures. For instance, when the Syndicate sells wire tacks to the foreigner at 14s., and we at home have to pay 25s. for them—that is, a difference of 11s.—it is certainly worth while to ponder whether one should not limit a great part of the foreign sales, which amount to over 45 per cent. of the entire production of the Syndicate, and in return raise certain industries at home by disposing of raw material at a cheaper rate. During the second half of 1900 alone the syndicate lost £43,900 on its foreign sales, but cleared a profit of £58,500 on its home sales." The same witness added that but for the action of the syndicates, helped by the tariff, building operations might be carried on in Germany at from 25 to 30 per cent. less cost, for nearly all building materials, except wood, were syndicated. "We do not wish," he said, in conclusion, "to go the way of the American trusts, for they destroy not only all self-dependence, but likewise all technical progress. And a second thing that I have very much at heart is that through this drifting towards trusts the connection with the banks will become such that it can and must work to the detriment of our industry, which is for us of vital moment."

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Illustrations might be multiplied from other branches of the iron and steel and metal industries, the paper trade, &c. The evidence given before the Cartell Commission is full of illuminating facts bearing upon this phase of the syndicate question, and the same policy of foreign preference continues to the present time. The *Cologne Gazette* not long ago related the following illustration of how German manufacturers of finished steel goods have been injured by the cheap export of raw material by syndicated works. Some of these manufacturers had been in the habit of selling to Holland 10,000 tons of wire nails and the material from which Dutch works manufactured 4,000 tons more. Owing to the establishment of new rolled wire works, encouraged by the prosperity of the syndicated works, there began a serious over-production of raw material, so that the home market was glutted and the excess had to be sold at any price to Holland. Hence arose several new wire works in that country, with the result that not only were manufactured goods no longer imported but goods made from German raw material were now exported to Germany and sold 25 per cent. below the home market price.

The Duisburg Chamber of Commerce reported in 1905: "Less satisfactory during the year was the position of the manufacturing iron industry in so far as it is not united in cartells. Raw material was systematically sold abroad by the syndicates more cheaply than to local industry, with the result that export was made impossible or was at least attended by sacrifice." Dr. Morgenroth also writes: "For years the reports of almost all Chambers of Commerce have been full of complaints on the subject. Various industries have, owing to this policy of the cartells, been developed abroad. The Rhine shipbuilding industry has in part, owing to this reason, been transferred from Germany to Holland, where in a customs-free market (in which Germany, Belgium, and England naturally underbid each other) the yards can buy their plates and sheets much cheaper than the German cartell sells them to the German yards. So, too, the iron construction works in Holland have become marvellously efficient, principally owing to cheap German steel, and in Belgium the drawn wire industry is said to have been built up by cheap German material." *

On the other hand, Dr. Liefmann † contends that "The

* "Die Exportpolitik der Kartelle," p. 46. † "Schutzzoll und Kartelle," p. 30.

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cheap export of raw and half-manufactured material, as furthered to a certain extent by the cartells, maintains and increases the economic power of Germany abroad. The ability of the finishing industries to compete with foreign rivals is not weakened by this export, but by the high prices which the producers of raw material are able to obtain at home owing to the cartells." It is, however, obvious that these high prices inflict injury upon home manufacturers in a double way—they make production dearer, and by so doing they encourage foreign competition. This writer proceeds to admit that "If such effects should ever be of protracted duration measures should be adopted against the cartells concerned, as indeed against all excessive price-movements, so soon as natural correctives prove futile"—a characteristic example of the German faith that when every other comfort fails the State can always be relied on to act the part of the *deus ex machinâ*.

The cartells acknowledge that they injure the finishing industries by the preference shown to foreign buyers, since they pay these works export bounties in the form of a rebate of a portion of the price of raw material used in exported products.* The Rhenish-Westphalian and Siegerland Pig-iron Cartells began to do this in 1882 in the case of raw iron supplied to rolling mills, and the Rolled Wire Syndicate followed suit in 1888 in relation to the wire-drawing works. These export bounties were at first a temporary expedient, but since 1892 and 1893 they have become a recognised feature of syndicate policy. The Steel Syndicate lately increased the export rebate from 5s. to 15s. per ton on half-manufactured iron intended for export, and applied this reduction to all works, whether belonging to unions or not. The Coal Syndicate has also extended the export rebate, which had hitherto only been allowed to rolled iron works, to all consumers in the iron industry; this rebate is now fixed at 1s. 6d. per ton of coal used. But, as Dr. Morgenroth writes:

* It is interesting to have on record the theory of foreign bounties expounded *ad hoc* to the Association for Social Policy at its congress at Mannheim in September, 1905, by Herr Kirdorf, one of the iron and steel kings of Westphalia and the head of the Steel Syndicate: "The words export bounties have a somewhat evil taste. At bottom, however, export bounties are in the interest of the community, for in the measure that we are in a position to sell manufactured goods cheaper to foreign countries do we receive raw materials and half-manufactured goods at cheap prices." Yet the policy of the Steel Syndicate is avowedly directed towards keeping half-manufactured iron goods out of the country.

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"The cartell bounty is a mere compensation for the injuries caused to the German export industry by the fact that, owing to the operation of the cartells, they have to reckon with dearer raw materials than foreign competitors, and in most cases the compensation does not cover the higher cost of these materials. Bounties are only given to any appreciable degree in times of declining trade. At other times they almost entirely disappear." *

A measure aimed at "dumping" was proposed by the Social Democratic party during the discussion of the present Customs Tariff by the Reichstag in November, 1902. It was the prompt suspension of all duties beneficial to any industry whose products were proved to be exported at lower prices than were charged at home. The fatal objection to so summary a measure was that it would punish the innocent and guilty alike, and the resolution was rejected.

As to the third objection to the syndicates, there can be no doubt that the syndicated industries on the whole have asserted a far firmer hold upon the home market than they held before. This is proved by the diminished imports of many of the goods which the syndicates produce, though it is a question how far this result is due to the combination of works, how far to the protection they enjoy in the form of import duties. Yet even here there are notable exceptions, and one such exception came to light in the course of the evidence given before the Cartell Commission. It was the case of the Tin Plate Syndicate, whose defenders admitted that though it was able, helped by a duty of £2 10s. per metric ton, to advance prices 38 per cent. between the years 1898 and 1900—the increase being from £14 9s. to £19 18s. per ton—it was never able to cover the home demand. The United Kingdom is Germany's only serious rival in this industry, and 30 per cent. of the tin-plate required for home use had to be obtained from this country, whose manufactures benefited by the higher prices enforced by the German works owing to the restriction of competition by the Syndicate. Professor Adolph Wagner summed up the evidence in this case in the following words: "Far from having adapted the supply to the demand, you have only met the demand by raising prices 50 per cent. higher than those charged by England, and even

* "Die Exportpolitik der Kartelle," p. 55.

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at these higher prices you have not nearly supplied as much as was needed."

The contention that the retail trader has received no more consideration than the consumer was amply supported before the same Commission by evidence from various quarters, and new illustrations are of constant occurrence. Referring to the rigid regulation exercised by the Rhenish-Westphalian Coal Syndicate and the affiliated Coal Trade Syndicate, the report of the Mannheim Chamber of Commerce for 1906 stated: "The wholesale coal trade is now almost entirely in the hands of the Rhenish Coal Trade and Shipping Company. The dependent retail trade finds itself restricted to the utmost by the measures taken by the Company. It was not able to derive any advantage from the extraordinarily large demand for coal, for its dependence on the Company prohibits it from buying English coal and prescribes for it a limited market. On the other hand, the year was favourable for dealers in non-syndicated coal." How stringently the "tied-house" principle is applied may be illustrated by the following notification, by which the customers of the Westphalian Coal Trade Company learned that their right to buy from a rival source was cancelled: "We beg to inform you that from April, 1907, we shall be in a position to supply you with a good briquette of Rhenish coal. From that date, therefore, we can no longer allow you to obtain your supplies of this product elsewhere." So far has the Steel Syndicate carried its policy of trade regulation that it now apportions to the dealers their separate spheres of influence, beyond which they are not allowed to go, and with a view to exercising complete control it requires registers of their customers, so that there is nothing to prevent it from eliminating the middle man altogether and selling direct to the manufacturers.

The coal and iron industries, however, are not singular in this respect. Not long ago a Berlin firm of silk dealers wrote to a leading journal of that city: "The dictation of the cartell of silk stuff manufacturers, with its arbitrary and rigorous measures, cries to heaven. The cordial agreement which had existed for years between producers and buyers has been changed into open hostility, and the Berlin firms are to-day only the vassals of the manufacturers."

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There is, indeed, wide and bitter complaint that the old tie between manufacturer and consumer has disappeared since the syndicates stepped in and converted the affiliated works into mere agencies. In a recent report the Duisburg Chamber of Commerce noted this change with regret. "The works united in syndicates," it said, "take but the smallest interest in their customers, since they hardly need to make any effort to obtain and retain a fixed book of customers. All commissions have to be notified to the syndicates, and the affiliated works are simply allotted their share."

It is a significant circumstance that under the auspices of the Central Association of German Industrialists (Centralverband Deutscher Industrieller) a conference of representatives of leading syndicates and wholesale consumers of syndicated goods, particularly in the ironware trade, has been held for the purpose of considering a proposal to form organisations to secure the advantages of personal relationships between producer and purchaser, as they existed under the system of free competition.

Viewing the question further from the interested standpoints of capital and labour, it must be conceded that (1) the syndicates have been attended by distinct advantages to industry, while at the same time (2) they have not proved yet so injurious to the working classes as was predicted and seemed likely during the earlier stages of the movement. The capitalist theory of combination is straightforward and not unattractive. Either the producers may compete with each other on the principle of every man for himself, which means war all round without quarter, or they may call a truce to competition, join forces, and divide the spoils of a bloodless victory according to a fixed plan. Obviously commerce conducted on such peaceful principles denotes an advance upon the unrestricted rivalry of unequal forces.

Not only does it convert trading, from being a game of chance in which the rewards are uncertain, into one of science in which there are prizes for all and blanks for none, but it leads to economy of effort and prevention of wastage in many directions, with the result that capital receives a higher and possibly on the whole a more equal return.

It is on this ground the cartells and syndicates and unadmitted trusts of Germany are chiefly defended by their

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originators among themselves, and from this standpoint the success achieved has been very notable.

For a time, indeed, the cartells may have protected inefficient undertakings against the extinction which, sooner or later, befalls the unfit, yet on the other hand many such undertakings have disappeared by the process of amalgamation. Nevertheless, there is as before a considerable difference between individual concerns even though they are now joined in the same combination. Syndicate or no syndicate, modern machinery, improved methods, skilled and well-paid labour, efficient organisation and co-ordination of effort, and careful management mean lower costs of production, so that works which have these advantages at command—the price of syndicated goods being the same all round—are able to show the best returns. The fact that sales are to a certain extent guaranteed releases effort in the direction of distribution and allows of its concentration upon more efficient production. Obviously, too, the syndicating of industries facilitates specialisation, to the advantage at once of quality and economy of production. It is Herr Calwer's opinion that "While amongst the many cartells which exist there may be some which, owing to special circumstances, afford no incentive to progress, it must be accepted as a general rule that cartellisation has helped to increase the productivity of industrial labour." Another effect is that a syndicated industry is kept in closer touch with the market. There is less working in the dark, less chance, more adaptation, greater equalisation of supply to demand. Yet if production has been developed upon more regular and more healthy lines, overproduction has by no means been prevented, in proof of which assertion it is only necessary to point again to the "dumping" abroad at low prices of goods which cannot be sold at home.

One direct result of the syndicating of the leading industries has been the strengthening of the large undertakings at the expense of the small ones, and this result is variously judged. One of the principal arguments by which the formation of the Coal Syndicate in 1893 was justified was that it would discourage concentration, and by the method of annual apportionment would give a chance to the small collieries, provided only these were willing to join the combination. Such has not been the effect of the Syndicate, for the large collieries at once steadily

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increased their workings in order to secure an increased share of the output, while the share that fell to the struggling small companies hardly increased at all.

In order to carry out the original idea more faithfully the plan of annual allotments was changed on the renewal of the Syndicate in 1903, and the participatory shares were fixed until 1915, with the proviso that larger shares might only be claimed in proportion to the increased aggregate sale. But this restriction did not suit the large colliery companies, which began to buy up the smaller ones, encouraged by the rule allowing any company which absorbs another to claim the latter's share in the output, whether the absorbed workings should be closed or not. Then began a period of closing down which, though it did not last long in an acute form, created a great displacement of labour and much distress to the miners and their families concerned, for in some districts whole villages were deserted. So far did the closing of collieries go, that in 1905 an urgent Government Bill was introduced in the Prussian Diet to require colliery owners before they abandoned any of their works to show proof that they were no longer profitable. As a price for the passage of a twin measure, amending the conditions of employment in coal mines and particularly curtailing the hours of labour to eight per shift, and abolishing excessive fines, the Bill was dropped.

The immediate effect of this new development, however, was to help on the very concentration which the Coal Syndicate was to have checked. Ten Westphalian colliery companies disappeared between 1904 and 1906, having been absorbed by larger ones, and of an aggregate output sanctioned for 1905 of 75,584,133 metric tons 12 of the largest companies shared to the extent of 38,074,190 tons, or 50 per cent.

Side by side with the formation of syndicates there has also sprung up another form of combination no less important in its way, viz., the "mixed" works in the iron industry, *i.e.*, coal and smelting works combined, or smelting and rolling works combined, which are rapidly and inexorably crushing out of existence the "pure" works, engaged in a single branch of the productive process.*

The tendency is no new one: what is new is its extent, and the growing difficulty of the "pure" iron works holding their own

* See Chapter V., p. 82.

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against the large syndicated works which rest on a double basis. For the formation of cartells places the associated undertakings in a specially advantageous position, since all the required raw material can be obtained inside the "ring," and the choice before the still unsyndicated works is either to throw in their lot with the majority or be driven into insolvency. The "mixed" works, no doubt, represent a higher stage of industrial efficiency, yet the transition involves great hardship not only to those capitalists who have to adapt themselves to the new conditions, but to their workpeople as well, and the cartells are specially responsible for the change that is being painfully worked out.

The question is often asked in Germany, Has the movement towards combination taken its final form? Few observers who have given attention to the subject would be prepared to answer that question affirmatively. When the syndicates were only feeling their feet, and were moving forward in the face of much public distrust, an attempt was made to win confidence by the assurance that the formation of syndicates would keep out the more dangerous combinations of the American pattern. "Never the American trust," said the authors of the early cartells; "this is the final form." No one says nowadays that the cartells represent the last word on industrial organisation, for the simple reason that they have long ago departed from their original form and scope. Very early in the movement the larger syndicated works experienced the disadvantage of being joined to works lacking their power of expansion. They found their enterprise checked, their ambitions curbed, and that in the interest of smaller undertakings of limited financial resources. The only remedy was a policy of absorption, and that policy they adopted. It is not impossible that the next step will be an extension of that policy, or a combination of absorption and amalgamation, and such a step will carry German industries—the coal and iron industries are specially referred to—a long way forward on the path that leads to the American trust.

It is significant that a responsible body like the Essen Chamber of Commerce should be found advising the amalgamation of the two most powerful syndicates in Germany. "It is a question worth considering by the Coal Syndicate," it says, "whether the time has not come for amalgamating with its powerful colleague the Steelworks Union, in order to maintain

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its position against the too powerful undertakings of the united collieries and smelting works. The united Steel and Coal Syndicate would represent a 'trust of trusts,' and with the American Steel Trust would rule the world." So, too, the *Cologne Gazette*, which has always been regarded as the official mouthpiece of the large syndicates in the Press, wrote recently, *apropos* of the amalgamation of several wealthy Westphalian collieries and smelting works: "The more rapidly these amalgamations are effected, the more rapidly we shall reach the trusts, though they may not for years take a clearly defined form. The cartells and syndicates have proved to be not permanent but merely transition forms, and with the progress of the amalgamations their basis disappears and their interest for the allied works decreases. The trust, therefore, is not the invention of a 'smart' American brain, but is a necessary and logical economic development. Hence the amalgamations which are paving the way for the trust are not, as the (Prussian) Minister of Commerce said, something diseased and unhealthy; they rather denote progress; by the concentration which they imply they increase economic efficiency and are indispensable to competition with the powerful industries of foreign countries. From this standpoint no objection can be taken to the increasing tendency to concentration."

There is another alternative so obvious that it would appear to be disregarded. All the great syndicates are the workmanship of powerful men, the expression of their strength, the embodiment of their large ideas, and by them are alone kept in operation. No sudden edict of extinction seems likely to threaten the line of virile and masterful personalities which, after winning for Germany a recognised place in the markets of the world, turned to the organisation of industry at home and sought new conquests there. Yet the bigger the undertaking the bigger the man at the head is a rule, attested both by the successes and the failures incidental to private enterprise everywhere, and there seems equal if not greater reason to believe that the permanence of the enormous combinations which have become common in the form of syndicate and cartell will be dependent upon the continuation of the race of industrial geniuses which originated them. Should the race become enfeebled, the very magnitude of the syndicates will prove their

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weakness. From this standpoint, too, it would appear unsafe to speak of finality in relation to existing forms of industrial organisation.

As yet the attitude of the working classes towards this new form of industrial organisation can hardly be said to have been clearly defined. Amongst themselves the labour leaders alternate between vituperation and a guarded criticism hardly to be distinguished from approval. Perhaps these contradictory voices can best be explained by saying that they represent the political and economic camps respectively in which German Socialists range themselves upon most great social questions, the combatants of the one camp working for immediate party interests and those of the other keeping in view the necessity of watching closely every form of industrial evolution which seems to foreshadow the ultimate embodiment of the Socialistic idea.

On the whole the position taken is that of a waiting opportunism. On principle Socialists do not object to industrial combinations, however powerful, but rather regard them as a step towards the eventual combination of all the nation's productive resources in one corporate union—the State of the future which is to own all capital, all property, all natural wealth, all the means of production, exchange, and communication. Hence the significance of the resolution adopted by the International Socialist Party at the Amsterdam congress of 1904 calling upon all Socialists parties to hold aloof from legislative measures for preventing the establishment or growth of employers' combinations.

For the present the interest of labour in the syndicate question centres in the two questions of wages and prices, and it is generally admitted that in so far as the syndicates are responsible for creating higher prices, they have at least exempted the workmen from injury by sharing with them the tribute levied upon the general body of consumers.

"The view is quite fallacious," writes Herr Calwer, "that the cartells use their combined power in order to regulate the conditions of labour. The regulation of the relationships between employers and workpeople is at present an internal affair of the individual undertakings, and so we find that in general the individual works pay their workpeople variously, some treating them better than others in the same organisation. This freedom

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of the individual undertakings regarding their workpeople does not make it impossible that the latter's position may gradually become considerably altered, and this change is a consequence of the price policy of the syndicates, causing greater equilibrium than existed formerly. When in the pre-cartell period the prices of a commodity suddenly fell considerably, many undertakings were compelled to restrict production or to stand. The result was that the workpeople of such undertakings partially or altogether lost their employment or large reductions of wages took place. When, however, the prices of commodities rose greatly, production increased, thousands of additional workpeople were suddenly employed and wages increased proportionately. On the one hand the workman had the chance of securing more employment and higher pay, but on the other hand he was exposed to the risk of being suddenly thrown on the street or of submitting to a considerable reduction of his income. The cartells, with their more stable prices, avert both extremes. The fluctuations of production are no longer so great or so fortuitous, and the result is that neither employment nor the wages level varies so much as formerly."

Coming from an avowed friend of the cartells, who also differs from the vast majority of his colleagues upon other questions, like agrarian policy and protective duties, these views of Herr Calwer cannot be regarded as representative of working-class sentiment generally. It is, however, significant that just as in the United States the labour organisations systematically co-operate with the trusts in keeping up prices—even to the extent of share-holding—on the understanding that a portion of the extra profits shall be returned to the workers in higher wages, so the Christian (*i.e.*, predominantly Roman Catholic) trade unions in Germany show a disposition to back up the syndicates on the same ground of self-interest. The report for 1906 of the largest of these unions, that of the miners, stated: "The favourable and moderating influence of the Coal Syndicate was again felt during the year. In earlier times, before the Syndicate was formed, the prices of coal rapidly advanced in years of good trade, and fell just as quickly on a trade relapse. But the Syndicate since its establishment has followed a policy of stable prices, preventing a too great fall in times of crisis and a sudden excessive rise in the years of commercial expansion.

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The business world and almost the entire middle class, even in the industrial districts, have complained of the high prices of coal. It is too easily forgotten that nearly the entire population of the industrial districts has an interest in the adequate remuneration of the workers, and this is only possible permanently if industry works at a corresponding profit." So, too, the leading spokesman of the Christian organisation, Herr Giesbert, said in the Reichstag recently: "If the Syndicate gets good prices for its coal and thus creates the possibility of paying good wages to its workpeople, the interests of the workpeople coincide with those of the Syndicate." Even the organ of the powerful Socialist Metal Workers' Union, the most influential in Germany, has welcomed the syndicates as representing "a higher form of industrial organisation."

Nevertheless, the working classes as a whole more or less vaguely fear the power of the cartells. If the cartells can increase prices by eliminating competition between producers (so they argue), why should they not seek to reduce wages by eliminating competition between employers? The argument is theoretically sound, except that it does not make sufficient allowance for other factors which go to fixing the price of labour, nor does it take at its full value the weapon of counter-combination which is within the power of labour. In effect the fear of lower wages is not yet justified by the past history of the cartells.

More reasonable and more justified is the suspicion of the working classes which is based on the hostile attitude of some of the best known syndicate leaders towards trade unionism. At the Congress of the Association for Social Policy in 1905 Herr Kirdorf, the director of the Westphalian Coal and Iron Syndicates, said: "It is to be regretted that our workpeople can at any time change their positions, for an undertaking can only thrive if it has at command a stationary body of workmen. I do not ask legislation to come to our aid, but we must reserve to ourselves the right to take steps to prevent the frequent change of work. It has been proposed that all workpeople should be compelled to form organisations and the employers be compelled to negotiate with these organisations. Let me remark for myself that I decline to negotiate with a labour organisation of any kind whatsoever." Words like these,

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coming from one of the greatest autocrats in the German industrial world, have naturally given rise to the apprehension that the large cartells would not be indisposed to challenge the working-man's most fundamental rights, viz., his right to combine and his right to sell his labour where, how, and to whom he will, should a favourable opportunity arise. Professor Adolph Wagner said at the meeting of the Evangelical Social Congress in May, 1907, that in spite of the improvement in the condition of the working classes, their "dependence upon the enormous capital concentrations was to-day greater than ever." It is the uncertainty as to where this dependence may in the end lead that creates most suspicion and distrust of the syndicates in the minds of the workers.

It remains only to refer to the public attitude towards the cartells, and to the legislative and other measures which have been proposed for the checking of such excesses as have come to light.

When the cartell movement began there were not a few writers in the circle of economic liberalism who welcomed these organisations as a legitimate means of regulating production, of equalising prices, and of organising industry on more efficient lines. The State Socialistic critics of "unlimited competition," with its correlative, price undercutting, at the expense of quality on the one hand and of wages on the other, saw their wisdom justified when a blow seemed to be thus struck at their special aversion. There was all the greater readiness to receive the syndicates with confidence since they were held to be a certain means of equipping the German iron industry in particular for further conquests in the world-markets. The home trade, it was said, would by their operation be more completely preserved for home labour, the export trade would expand, small and large undertakings would have an equal chance, the working classes would have higher and more stable wages, and all this would be done at no one's expense, for cheaper production and distribution would permit of the syndicated goods being sold at the same average prices as before.

Some of these predictions and expectations have been partially realised, but not all. The syndicated industries have made giant strides; assisted by the higher protective duties which have been imposed in the meantime, the home market has been

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kept to a larger extent than before as a national preserve; the export trade has also increased, and the wages of labour have risen. Yet all industries have not benefited equally; the smaller undertakings in the industries syndicated have as a rule suffered; where the syndicated works have gained by the larger export trade the unsyndicated works have often lost; and finally the increased gains of industry and (nominally) of labour have unquestionably been at the expense of the general consumer, who has been effectually squeezed by manufacturer, labourer, and trader equally.

It is instructive to read in early literature on the syndicate movement of the high expectations which were entertained by some of the liberal economists. Professor Lujo Brentano, regarding the syndicates as an eventual substitute for Protection, saw in them a means of rejuvenating the existing industrial system; blind, unregulated production, leading to ruinous overproduction, was to cease, and all the evils that follow in its train were to be abated. "While theorists of different schools," he wrote in 1890, "have exhausted themselves over unprofitable projects, the needs of practical men have called into existence a new organisation, whose purpose it is to remove the glut of the market—viz., the cartells. A market will be secured to home industry sufficient to provide ample and regular employment to labour at remunerative prices." So, too, Professor Kleinwächter regarded the cartells as the salvation of the working classes, and called upon the State to "require the syndicated industries to assure to their employees life occupation, with wages regularly increasing with the years of service, as well as old age, widows' and orphans' pensions," thus creating universal industrial content and cutting from under the Socialist party the basis of its agitation. In those days the syndicates had at best critics and not opponents, and on the whole the criticism was too little discriminating to be helpful.

Since then a change has come over the spirit of the professors' dream; many illusions have been dispelled, and few of the first hopes have been altogether realised. This change found for the first time vigorous expression at the Mannheim congress of the Association for Social Politics in September, 1905, which Herr Kirdorf, director of the Westphalian Steel and Coal Syndicates, had been invited to attend in order to hear the

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opinion of the theorists regarding his doings and to reply for himself.

Professor Gustav Schmoller led the attack in a speech which showed that he had entirely forsaken his early attitude of benevolent neutrality.

"Only a short time ago," he said, "the speeches of Ministers flowed over with praises of the cartells. Since then these Ministers have changed their views, although matters have not gone so far with us as in America. The gentlemen of the cartells say, 'Do leave us alone and do not disturb our circle.' We should be glad enough to do that if only the cartells and syndicates would leave *us* alone. The syndicates have, however, enormously increased the price of coal, and colliery shares have as a result increased from 40 or 50 to 300 and 400 per cent. Formerly legislation placed in the foreground the principle, 'All economic development depends on free competition,' and now suddenly the contrary holds good, for the cartells destroy all competition and set up monopolies in its place. The formation of cartells leads logically to the repeal of industrial freedom. Formally this freedom can and will continue to exist, but it has in practice lost significance, and if matters continue as now it will lose it more and more. This fundamental transformation undoubtedly explains the fact that the cry for nationalisation was never so loud as now. The nationalisation of the collieries has become especially popular. I am no friend of nationalisation, but I have no doubt that if we had a Minister of the strength and decision of Prince Bismarck the collieries in the Ruhr district at least would have been nationalised. In any event it is necessary that the State should acquire an influence on the syndicates. A mere veto on an increase of prices, however, is not enough; the State must use its influence to secure a reduction of prices. It is desirable that there should be an agreement between buyers and sellers, perhaps negotiated by an Imperial Board. In this way a movement of prices suited to varying conditions might be secured. In a country in which the private railways have passed into the State's hands and in which fiscal mining has been begun on a large scale, there is certainly nothing extraordinary in setting limits to the formation of trusts."

Professor Schmoller proceeded to advocate the giving to the

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State of a voice on the directorates of the larger syndicates by the nomination of one-fourth of their members, with a view to preventing abuses by which the interests of the public might suffer, and he also suggested that one-half of their profits beyond a certain amount (a 10 per cent. dividend was mentioned) should go to the State, proposals which led Herr Kirdorf to say on behalf of the Coal Syndicate that he would prefer out-and-out nationalisation.

It seems clear, however, that the cartells so far have kept strictly within the law. When a case against them was stated before the Imperial Supreme Court, which was asked to declare these organisations to be contrary to the principle of free competition, the Court turned the tables on the prosecution by stating that measures for preventing free competition might under certain circumstances be in the interests of the community. Nor has success attended similar attempts by legal process to prove close unions of employers opposed to the principle of "freedom of occupation" affirmed by the Industrial Code. For the law only assures to every citizen the right to follow the calling of his choice; it does not undertake to protect him against difficulties caused by the presence of other competitors in the same field or guarantee him the least measure of success. Nevertheless, the feeling prevails very widely that the cartells have gone as far in the concentration of economic power and its employment for private advantage as is just to the interests of society as a whole, and that the time is quickly coming for restrictive measures. This many of the syndicates recognise. It was doubtless a desire to conciliate public opinion which led the directorate of the Coal Syndicate to invite the Prussian Government some time ago to join that body and so exercise a voice in its proceedings, an offer which, wisely or not, was declined as "untimely."

At present no legislative powers exist which would enable either the Imperial or the State Governments to interfere with the action of the syndicates, and such measures as they have taken have been of an indirect kind. In Prussia the State, though a large colliery proprietor, has but slight influence on the coal industry in general. It controls some 25 per cent. of the coal output in Upper Silesia, and dominates the Saarbrücken coal-fields, but the Westphalian district is the real heart of the coal industry and the scene of the struggle between private

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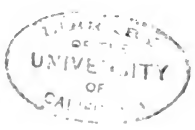
monopoly and the public, and in spite of the Hibernia colliery share purchases in 1904 the State is there helpless. The determining motive in the Hibernia transaction, to which the natural desire of the Government to secure constant and economical supplies of fuel for the State railways and other undertakings was admitted to be quite secondary, was to exercise an effective check upon excessive prices in the interest of the great industries whose prosperity depends on cheap coal supplies. The Government obtained possession of a considerable share in the property before it became known that the agents who were known to be buying up the market were acting on its behalf, but the avowal of the project stirred up opposition among the Hibernia Company's shareholders, and in spite of persistent efforts and appeals to law the State was beaten back.

As to the possibility of direct intervention the Prussian Minister of Commerce, Dr. Delbrück, said in the Diet on November 26, 1907: "The question has been asked whether we can oppose obstacles to the (Coal) Syndicate's arbitrary action in fixing prices. I pass over the question to what extent the Syndicate has transgressed reasonable limits in fixing prices. The test whether the Syndicate fixes its prices according to economically right principles can only be applied when we know how it will act in the event of a further decline in industry.* For the present we are certainly not in a position to exert influence on the Syndicate in the matter of price fixing, and such an influence will only be possible on the strength of general syndicate legislation, as to which the necessary investigations are not yet complete."

The only legislative measure which has yet been aimed at the Coal Syndicate in Prussia was of an indirect character, and it was adopted in the special interest of the miners, viz., the Mining Law of 1905. In defending that law, which was intended to ameliorate the conditions of work, to reduce the hours of labour, to abolish abuses in fines and penalties, and establish workmen's committees, the Prussian Minister of Commerce of that day (Herr Möller) said in the Upper House of the Diet on June 28, 1905:—

"The present reform of the mining legislation is a consequence

*Although an industrial relapse occurred towards the end of 1907 the Coal Syndicate raised its prices for the succeeding year.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of capital concentration in the coal mining industry. I have repeatedly acknowledged the necessity of such concentration and have opposed anti-cartell laws. But the Government must show the cartells that it cannot in the public interest allow them to transgress certain limits, and such a transgression of permissible limits has occurred on the part of the Coal Syndicate. The members of the Syndicate have taken up a too masterful standpoint, or they would long ago have satisfied the justifiable demands of the workpeople. As that was not done it was necessary for legislation to intervene."

Although, as has already been explained, the Government in its reprisals did not go to the full lengths originally intended, which included a State veto on the closure of mines, the law as passed materially improved the position of all underground workers.

The Imperial Government has so far adopted a waiting and watching attitude, merely appointing a Commission to inquire into the past working of the more important cartells in the principal industries. This inquiry has already continued for several years and a vast amount of more or less disjointed evidence has been accumulated, not all to the advantage of the cartells, though they have made out the best possible case for themselves. The Government has, however, made it clear that should legislation be necessary to check cartell excesses it will without hesitation be proposed, and in the present temper of the Imperial Diet there can be no doubt that any measures in this sense submitted to it would be passed not only promptly, but in a more drastic form than might be acceptable to the Executive; for though the many parties in the Reichstag differ upon most questions they are absolutely united in acknowledging that some of the cartells both possess excessive power and have made excessive use of it. It is in the ranks of the National Liberal party alone that the syndicates specially look for sympathy and support, yet during one of many recent debates on this question in the Reichstag a National Liberal deputy stated, "The head of the Coal Syndicate possesses to-day far greater political power than the Minister of Commerce. We foresaw that, and that was why we proposed in 1900 that there should be Imperial control of the syndicates and cartells. We are no opponents of the cartells in principle, but we call for the regulation of their powers some-

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what on the lines of the resolution of the Jurists' Conference (*Juristentag*) of 1904." The resolution here referred to affirmed the opinion that "State intervention is indispensable for the purpose of checking excessive increases of price and of conferring upon the working classes an equal right of coalition and an equal legal status to those enjoyed by the organisations of employers."

The counter measures most commonly advocated may now be briefly summarised. It will not have escaped attention that most of the criticism directed against the syndicates really relates only to the policy pursued by one of their number, the Westphalian Coal Syndicate, which affects the public as consumers most immediately, and the remedial measures proposed nearly all proceed from this standpoint.

(1) The first demand is that the fullest light of publicity shall be thrown upon the operations of the syndicates, for it is held that only on that presupposition will public opinion be brought to bear upon them effectively and the State be able to adopt timely action should the syndicates abuse their power when circumstances are favourable. It is accordingly proposed that the syndicates shall henceforth be required to work in the full light of day; that all their statutes, regulations, and conventions, and all resolutions modifying them, shall be published, together with yearly accounts of revenue and expenditure, prepared in greater detail than is the case with ordinary public companies. The statutes of all syndicates are first to be submitted to the Imperial Government for approval. It is significant that in a recent issue of the *Deutsche Wirthschaftszeitung*, Dr. H. Voelker, who was formerly a member of the directorate of the Steelworks Union, and who can therefore judge of the syndicates from within, urged that these combinations should be brought under the systematic control of the State, yet with a distinct voice in their own regulations. It is not very encouraging to find Dr. Voelker adding the admonition that the present Cartell Commission should be made permanent, since only by that means will the Government be able to cultivate the close touch with the syndicates and their conductors which he regards as desirable in the public interest.

(2) All the critics of the syndicates agree in the demand that where these bodies are known to be manipulating the market or improperly exploiting a condition of scarcity, the Government

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should suspend the import duties and also the preferential railway tariffs, in the case of the incriminated industry; further, that in the event of public convenience seriously suffering, as by a dearth of coal, it should encourage imports by reducing the railway charges. The suspension of import duties under such circumstances is, of course, a part of the Canadian protective legislation of 1897, and it has been enforced in the Dominion more than once. In Germany, where the Federal Council reserves to itself great powers in regard to the execution of the customs tariff, there would be no administrative difficulty: the only serious objection is that syndicated and unsyndicated works would be hit indiscriminately by such a retaliatory measure.

As regards the offer or withdrawal of preferential railway tariffs, a matter which falls within the exclusive province of the individual States—the Empire only having railways under its control in Alsace-Lorraine—the various Governments do already possess full power to differentiate both on exported and imported goods. This power is constantly exercised in relation to heavy exports, but more rarely in relation to imports, though in 1900 the Prussian Government in a time of scarcity temporarily facilitated the entrance of coal by reducing the charges upon its railways.

(3) As regards private action, defensive organisations of dealers and consumers on the one hand and of working people on the other are advised. It is obvious, however, that organisations amongst dealers would offer no protection to consumers, while efficient combinations of consumers are almost inconceivable. Moreover, it is a fair argument that if the community is only able to protect itself against injurious combinations of private interests by counter-combination, the time has clearly come for it to act as one body, *i.e.*, for the State to interfere and apply the *ultima ratio* of legislative restriction.

The case of the working classes would seem to call for special consideration. They are most immediately affected by the syndicates, and while so far there is no proof that they have suffered, still, in the face of capital combinations of unequalled magnitude, they must always keep *en vedette*. Vague yet ominous threats, like that uttered by Herr Kirdorf at the Evangelical Congress at Mannheim, already referred to, must inevitably produce in labour circles a feeling of uneasiness. As

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the success of the cartells depends upon the closest and strongest possible union of the *entrepreneurs* concerned, it is contended that the workpeople in their employ may fairly claim in its fullest form the right to combine and also to resort to all action which logically proceeds from that right, and may under circumstances be needful in order to make it effective. It is significant that Herr Richard Calwer, the Socialist well-wisher of the syndicates, allows that combinations of dealers and consumers and working-class coalitions will, in all probability, be insufficient to hold the syndicates in check, and that he, too, looks to State action.

(4) The enormous power of the syndicates in the coal and coke trade has unquestionably weakened the objections to the nationalisation of the collieries, not because the syndicates are regarded as a natural step towards collective ownership, but because they have stifled competition, handicapped dependent industries, and placed the mass of consumers at the mercy of a few great companies. The action of the Westphalian Coal Syndicate, in particular, has greatly stimulated public opinion in Prussia in favour of a general scheme of nationalisation, and in the event of another conflict between national and syndicate interests such as occurred during the later period of the recent industrial boom, it is not unlikely that this movement would carry the Government with it. The nationalisation of the coal mines is advocated by leading economists like Wagner and Schmoller, and all parties save one in the Diet would favour the immediate adoption of such a measure. The colliery proprietors are not indifferent to the imminency of this danger, and when the Hibernia share purchase was made a union of nine Chambers of Commerce of Rhineland and Westphalia promptly petitioned the two Houses of the Prussian Diet to annul the contract on the ground that "the projected acquisition of the Hibernia colliery would be followed by the nationalisation of other collieries, and the nationalisation of even a majority of the collieries must be resolutely opposed for political, economic, and social reasons." In Prussia, however, where State enterprise extends in so many directions, no objection on grounds of principle would be allowed to stand in the way; and while for the present there is no reason to believe that the Government desires to undertake new responsibilities of such magnitude, a

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large scheme of nationalisation must be regarded as at least falling within the range of practical policy.

Many experts who object to the nationalisation of the collieries are not opposed to the application of this measure to the potash mines. In the early years of the Potash Syndicate's career the Prussian State was represented by 27 per cent. of its entire production. The opening up of new mines and their inclusion in the Syndicate led to a reduction of this share to 7 per cent. in 1906, and with that reduction the State's influence disappeared proportionately, so that the tendency to force prices upwards to the prejudice of agriculture, the Syndicate's largest customer, was fast getting beyond control. The purchase of the Hercynia mine, at a cost of one and a half million pounds, has brought the State's share in the Syndicate's production back to 11 per cent. Answering the objection made in the Diet that the Government had paid too high a price for the mine, Minister von Delbrück said (April 3, 1906):—

"The question has been asked repeatedly whether the State could not have attained its ends more economically by waiting for a more favourable time to purchase. Yes, a business man, who wished to make a big profit, might argue so, but the State is buying for reasons of the public welfare and the public interest. The object of this purchase is to make it strong enough to serve the public interest, even without the Syndicate if necessary."

It is not without significance that in 1907 the Prussian Government introduced in the Diet a Bill designed to give—or, rather, to restore—to the State the entire right to explore for coal, rock salt, potash, magnesia, &c. In former times mining was, in Prussia, a right of the Crown. A Mining Law was passed in 1865, however, with the object of attracting private capital to mining undertakings, and it succeeded only too well, since it has developed a large amount of unhealthy speculation. The new measure is intended to check the growth of monopolies and to prevent mining enterprise from falling into the hands of mere company promoters. It transfers to the State the sole right to open new mines in most parts of the kingdom—the provinces of Brandenburg, Schleswig-Holstein, East Prussia, and Pomerania were excluded from the Bill by the dominant party—thus making private enterprise dependent upon State assent, which will be granted subject to such conditions as the Department of Mines may from time to time impose.

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CHAPTER XI

STATE ENTERPRISE—RAILWAYS AND CANALS

German ideas as to the sphere of public and private enterprise—The extent of State initiative—The revenues from State undertakings—The State as owner of lands and forests—State insurance for agriculture in Bavaria—The State railway system—Prince Bismarck's ideal of Imperial railways frustrated—The railway revenues and taxation—The profits of the Prussian railways—The extent of the national water-ways and canals—Recent canal schemes—The projected river navigation duties—Constitutional aspects of the question.

IT has been of untold advantage to Germany that when, more than thirty years ago, it seriously began to develop its economic resources, its progress was not hampered by any hard-and-fast adhesion to a definite line of policy in regard to the limits of public as compared with private enterprise. Germany is supposed to be a nation of theorists, England a nation of practical men, yet the doctrinarianism which made a fetish of individualism originated in the land of practical men; the land of theorists accepted both individualism and socialisation just for what they were intrinsically worth, without prejudice for or against, and made an idol of neither. If Germany has, on the whole, gone as far in the direction of encouraging public enterprise as England went, up to a generation ago, in crippling it, the explanation may be found in the fact which has already been incidentally referred to, that State initiative, originating in the time of patriarchalism and absolutist rule, is the tradition of German government; hence it was easy and natural for the Germans to apply the principle of public enterprise and effort to modern conditions.

The adoption of this principle has assisted the nation in a

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pre-eminent degree to make the most of its opportunities. For by taking upon themselves a large share of economic functions the State and the municipal authorities to that extent released a vast amount of private effort and capital; while they were looking after the matters of common interest, the individual citizens were left free to concentrate attention in directions which offered a more natural scope for personal enterprise. It is a striking fact that at the present time over 31,000 miles of railways (either railways belonging to the State or private lines managed by the State, though mostly the former), representing over six hundred million pounds of invested capital, are working with perfect smoothness and success without the aid of boards of directors, private capitalists, and meetings of shareholders, who as a consequence are able to employ their activities in other and more advantageous ways.

Not only so, but a large part of the revenues of the various States is derived from their remunerative enterprises, a fact which has an important bearing upon taxation, and which explains the comparative lightness of the direct taxes per head of the population in some of the States. The gross receipts of the remunerative undertakings of the Empire, according to the Budget for 1905, formed 31·3 per cent. of its aggregate revenue, while those of the federal States formed 68 per cent. The amount of these gross receipts for Empire and States together was £145,750,000. Among the undertakings from which the Empire derives revenue are, besides the post and telegraphs, the railways in Alsace-Lorraine, the Imperial Printing Works, and the Imperial Bank (in which the Empire holds shares), while the principal undertakings carried on for profit by the States are the railways, the post and telegraphs (in Bavaria and Würtemberg, which retain their "particularist" rights in regard to these services), forests and domains, coal, iron, potash, and other mines, and iron smelting works, though revenue is derived in some States from tobacco and porcelain manufactories, banks, lotteries, medicinal baths and springs, amber works, breweries, and newspapers. Of industrial undertakings alone the Prussian State carried on, in 1906, 39 mines, 12 smelting works, five salt works, three stone quarries, and one amber works. Indeed, the State is the largest mine and mineral proprietor in the kingdom.

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Of old the fiscal lands were the main source of public revenue in all States, and they so continue in the small States to-day. In the larger States railways have taken the place of public lands as a source of revenue, though it is only in Prussia that the profits from the railways meet any large proportion of the national expenditure. In 1905 the net proceeds of the Empire's various profit-yielding undertakings were about six million pounds, but those of the federal States amounted to forty-two and a half millions. No less than thirty-three and a quarter millions were derived from the railways, seven millions from forests and domains, and over a million from mines. Prussia alone had a total nett revenue from remunerative undertakings of £30,170,000, of which £25,200,000 came from railways, £2,770,000 from forests and lands, and £935,000 from mines; Bavaria had a revenue from this source of £4,100,000, of which £2,560,000 came from railways, and £1,190,000 from forests and lands; Saxony, with nett profits from public undertakings of £4,370,000, derived £1,695,000 from railways and £425,000 from forests and lands; Würtemberg, with a total of £1,790,000, derived £860,000 from railways, and £595,000 from forests and lands; Baden, with a total of £940,000, derived £730,000 from railways; and Hesse, with a total of £840,000, derived £670,000 from railways.

This policy of State enterprise is likely to be developed still further in the future. The possibility of the nationalisation of the collieries in Prussia on a large scale has been referred to, but meantime the Government of that State is energetically extending the mines it already owns. Early in 1908 it obtained from the Diet a vote of nearly three million pounds for the purpose of sinking new shafts. The Saxon Government also proposes to add to its undertakings large cast steel works for the production of the rails and other materials needed on the State lines.

The confidence in State enterprise which is felt in Prussia received singular confirmation during the consideration of the Rhine-Weser canal project by the Diet in 1907. The Government asked for a grant of £800,000, wherewith to purchase land on both sides of the new waterway, so that the community might benefit by the increased value which this land would acquire. The Diet promptly voted an extra million pounds.

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State enterprise is being shown at the present time on a still more ambitious scale in Bavaria in projects for developing water power for the electrification of the railways and for industrial purposes generally. The Government of that State already has the right to use the rivers and streams of the country in this way, and a large and costly scheme for the generation and distribution of electric power is ready for execution. The Saxon Government recently endeavoured to obtain a law which would have asserted a similar fiscal right to the rivers and streams, and have placed them for all future time under the direct control of the State. It is estimated that from the larger rivers of Saxony alone a force of at least 373,000 horse-power can be obtained, though as yet barely 1 per cent. of this potential energy has been bridled for the use of industry. The Government's proposal has not for the present been well received. The cry of "Water Socialism" created great prejudice against it, and the Diet insisted on restricting the Bill to one for the mere control of the streams.

Reference has been made to the revenue derived by most of the States from forests and other lands. It is immensely to the advantage of national life that owing to the great extent of its landed possessions the State has an important direct stake in agriculture, and incidentally can in some degree preserve the balance between the large and small proprietors. It used to be a favourite theory of Prince Bismarck's that the salary of a Prussian Minister of State should be paid only partly in money and for the rest he should be allotted an estate which he should be required to manage on his own account. In that way, he argued, the Government would be in continual and close contact with the first of national industries, and would be in a position to frame its agricultural policies and measures on the basis of immediate experience. The same end is achieved by the fact that a large part of the area of each State is in fiscal hands, and this area tends to increase. The area of fiscal land (forests excluded) in Prussia increased from 869,157 acres in 1903 to 997,660 acres in 1906, chiefly owing to an increase of 127,260 acres in the Eastern Provinces (from 740,865 to 868,125 acres). The largest domains are in the provinces of Pomerania, 161,577 acres; East Prussia, 149,735 acres; Brandenburg, 134,950 acres; West Prussia, 130,185 acres;

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and Saxony, 123,257 acres. In the Western Provinces the State owns only 129,535 acres. The State farms, which are as a rule let on eighteen years' leases, serve as a useful barometer by which the Government can test the condition of agriculture at any given time, without relying on the conflicting opinions of parties. When, for example, in the middle of the 'nineties the rents of all fiscal farms fell to the extent of 25 and 30 per cent., the Government had no need of a commission of inquiry to convince it that something was radically wrong with agriculture. The Department of Agriculture devotes great attention to experimental farming, to the great benefit of the smaller cultivators, and as a high standard of cultivation is expected of its tenants the fiscal holdings generally serve as object lessons in progressive agriculture to the surrounding farmers. At the same time the public domains are a source of considerable revenue. The income derived from all the fiscal lands, exclusive of forests, in 1906 was £737,586. For the State does not conduct its estate on philanthropic principles; no better bargainers exist than the controllers of its manors, farms, and forests. As land is sold in the neighbourhood of towns it is bought in the open country, with the result that the foundations of great future wealth are industriously being laid. Thus in 1904, 10,600 acres of land were sold, but 75,800 acres were bought.

The Prussian State also owned forests to the extent of 7,263,490 acres in 1904, and this estate it is steadily increasing. In that year it purchased 42,600 acres of forest but sold only 1,070 acres. The greater part of the State's forest lands are situated in the Eastern Provinces, viz., 5,300,000 acres, of which 1,245,600 acres are in East Prussia alone, 1,080,700 acres in Brandenburg, and 966,700 acres in West Prussia. The whole of these forests are managed by the State on its own account by a skilled service of foresters, trained in special schools of forestry, and from the revenues half the cost of the King's Civil List is defrayed.

This is not the only form of State agricultural enterprise common in Germany. The Bavarian Government insures farmers against fire, hail, and loss of farm stock. Nearly a hundred years ago King Max I. of that country laid down the principle of national insurance, and such have been its developments that to-day the State insures property to the value of

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nearly four hundred million pounds against fire; it insures 142,000 farmers against loss by hailstorms to the extent of eleven and a half million pounds; and over 2,000 farmers' societies are affiliated to its horse, cattle, and goat insurance funds.

It is in the domain of railway ownership and administration, however, that the State has achieved its greatest success. There may be difference of opinion as to whether on the whole the German State railways are better in themselves and are better managed than good English railways in private ownership, yet any comparison between two countries with different systems, or even with the same system, would obviously be futile. Probably most of the incidents of German railway administration and usage which unfavourably impress people unaccustomed to the methodical and calculated movements of German officialism are not inherent at all in the State railway system, but have their explanation in German characteristics, and they would hardly by any possibility be translated to this country were the principle of nationalisation introduced here. The only practicable comparison must be confined to Germany itself, and there is there absolute agreement that the immense improvement which has taken place since the railways were nationalised is attributable more to the efficient and uniform management exercised by State officials than to any other cause.

In this as in most innovations involving the strengthening of the State's influence, Prussia led the way, though in doing so it departed from the principle laid down when the first railways were built. The Prussian Railway Law of 1838 followed English precedent in leaving the construction of railways to private enterprise, though it reserved to the State wide powers of control, and stipulated for the right to purchase a line after thirty years' working on condition of taking over its debt and paying the shareholders twenty-five years' purchase, calculated on the average dividend of the preceding five years. Nevertheless, the State soon began both to buy and to build railways on its own account; other lines it subsidised, so acquiring a joint interest in them; while annexation brought it the railways of Hanover and Nassau and the Frankfort portion of the Main-Neckar line. The same policy of nationalisation was followed in

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the other important States, Bavaria, Saxony, Würtemberg, and Baden, and for the past thirty years the principle of nationalisation has been so entirely taken for granted that the question whether State or private management is better has not even an academic interest in Germany.

Prince Bismarck's ideal was, of course, nationalisation in the widest political sense. Just as before 1871—indeed, as early as 1847, when he was still a private deputy in the incipient Diet of Prussia—Bismarck's motto was "The railways for the State," so after that year of Imperial consolidation his motto was "The railways for the Empire." Hence in the constitution of 1871 he asserted for the Empire wide powers of control, secured the possibility, at least, of uniform management, and paved the way for the appropriation by the Imperial Government of the entire railway system. In 1875, holding that it was Prussia's duty to show the way, he went so far as to ask the Prussian Diet to pass a Bill for "the transference of the State's property and other rights in railways to the German Empire"; and although the Radical individualists bitterly contested the proposal he carried it by a large majority, meeting the argument that while nationalisation was good imperialisation was dangerous with the dry rejoinder that he was quite sure that German liberty and unity would "not travel away with the first Imperial locomotive."

The "first Imperial locomotive" in Bismarck's sense (the Alsace-Lorraine railways belong to the Empire, but Prussia manages them) has not yet made its appearance, however, for while Prussia was ready to merge its railways in the common stock the other States, jealous of the northern kingdom, held back, and for many years to come particularism will continue to hold the field; though in this domain at any rate it has fairly proved its right to exist. Nevertheless, the principle of common action has been applied in many details of administration—tariffs, regulations, time-tables, &c.—and much has been done to facilitate interchange of traffic between adjoining States, so as to reduce the disadvantages of plural government to the utmost.

At the end of the fiscal year 1905 there were in the whole Empire 34,175 miles of railway, 31,611 miles being State railways or private railways carried on by the State, and 2,564 miles being private railways, though of the latter 1,982 miles

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were secondary lines. There were 262 miles per 100 square miles, and 56·7 miles to every 100,000 inhabitants: Prussia had ratios of 227 and 55·7 miles respectively, Bavaria 375·4 and 71·4, Saxony 650 and 35·4, Würtemberg 343·7 and 49, and Baden 500 and 58. The amount of capital invested in all the lines at the end of the year 1905 was £727,600,000, equal to about £21,300 per mile. In round figures the revenue in that year was £121,850,000, and the expenditure £77,050,000, giving a surplus of £44,800,000, equal to £6 5s. per cent. on the capital, the highest return recorded. The railways employed an army of 603,755 servants of all ranks.

The only serious disadvantage of State railways is one which applies to all State undertakings of the nature of monopolies, viz., the danger of unduly emphasising the revenue standpoint. This is an aspect of the question which has come to the front in Prussia especially of late years, for there the railways are one of the main sources of fiscal revenue, and the Government is slow to cripple so useful a profit-yielding enterprise by incurring expenditure or making concessions which would have the effect of seriously diminishing the available surpluses. The trading world is alive to the temptations which beset even the most conscientious of railway administrators, though otherwise thoroughly satisfied with the railway system and its management.

"The fact is," wrote the Essen Chamber of Commerce in 1906, in explaining to its members the difficulty of obtaining a concession for industry which would have meant financial sacrifice on the part of the railway administration, "that the prosperity of our entire State finances is largely dependent upon the prosperity of our railway finances, as is shown by the fact that more than 40 per cent. of the Budget expenditure falls to the railways. For a long time to come we shall have to reckon with the fact that the receipts from the railways will form the principal source of the Prussian State's revenues. It cannot be denied, however, that the increasing dependence of our State finances on the finances of the railways is attended by grave disadvantages. When it is remembered that the sum which the railway administration has handed over to the State Treasury, after payment of all expenditure incurred on behalf of the railways, increased from about £2,150,000 in the year 1890–91 to over £10,000,000 in the year 1900, and

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that in later years the sum contributed by the railways towards the expenditure of the State has steadily increased to £14,250,000 in 1905, it is easy to understand why the further appropriation of railway revenues to the general purposes of the State should in the Diet be regarded on all hands as undesirable, and that the fear should be entertained that such a course would be injurious to the commercial interests of the country and check the prosperous development of our economic life. In truth, the dependence of the general State finances on the yield of the railways involves the great danger that in the arrangement of tariffs economic considerations may tend to be made subservient to financial, that necessary economic reforms may not be introduced out of regard for the State finances, and that the tariff system may become absolutely stationary."

This danger has been accentuated during the late years of revenue scarcity, and it has led to the railway estimates being scrutinised and railway policy criticised with a jealousy unknown before. The Diet in 1906 went so far as to lay down principles for the guidance of the Railway Department in the form of a resolution affirming its opinion that "within the limits imposed by due regard for the financial position of the State and the conditions of competition, measures may be taken more systematically than heretofore for the reduction of goods tariffs, especially for goods which, as means of production or products of home manufactures, are of great importance for the success of agriculture and industry." This, however, is but a pious opinion, and it is unlikely that the Government will depart from its traditional policy, the effect of which is that nearly one-fifth of the State's needs are supplied by the profits on railway traffic. During the twenty years 1887 to 1906 the clear surpluses which were handed over to the Chancellor of the Exchequer by the Railway Minister for national purposes amounted to no less a sum than £293,000,000, which is twice the amount of the capital debt of the railways in 1882. In other words, the nation has been saved this huge sum in taxation, and without it much of the most beneficial expenditure of the State—as, for example, in the promotion of education and the general purpose of culture—might have been impossible.

The great increase in these profits which has taken place during

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the past twenty-five years will be seen from the following table:—

Nett Profits of Prussian State Railways since 1882.

	Million Pounds.		Million Pounds.
1882	2·12	1895	12·95
1883	1·79	1896	15·32
1884	2·27	1897	16·50
1885	1·76	1898	17·56
1886	3·38	1899	19·21
1887	5·45	1900	19·81
1888	6·65	1901	17·83
1889	7·80	1902	19·37
1890	5·77	1903	23·28
1891	4·90	1904	24·63
1892	5·94	1905	25·17
1893	8·14	1906	28·26
1894	8·57		

These profits are reckoned after payment of interest on the railway debt and making ample deductions for renewals. They represented in 1906 20 per cent. of the debt, after allowing for all repayments.

The remarkable extent to which Germany uses its natural waterways, and has constructed artificial ones, for trade purposes is a suggestive reminder that the railway is not the last word on the problem of internal communication. In 1903 Germany had rivers and canals and other inland waterways to a length of 8,750 miles, of which 5,041 miles were main streams—the principal ones being the Rhine, Elbe, Oder, Weser, Danube, Ems, and Vistula; 885 miles were channelled rivers, 1,369 miles were navigable canals, and 1,443 miles were canals and other connecting waterways between lakes, estuaries, &c. Of the total length 524 miles had a navigable depth at the mean water-level of over 16 feet 3 inches, 350 miles had a depth of between 13 feet and 16 feet 3 inches, 520 miles one between 9 feet 9 inches and 13 feet, 355 miles one between 8 feet 1½ inches and 9 feet 9 inches, 1,788 miles one between 6 feet 6 inches and 8 feet 1½ inches, 2,573 miles one between 4 feet 10½ inches and 6 feet 6 inches, 1,834 miles one between 3 feet 3 inches and 4 feet 10½ inches, and 574 miles one of 3 feet 3 inches or less. The various waterways were classified geographically as follows:—

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	Main Streams.	Channelled Rivers.	Navigable Canals.	Navigable Canals between Lakes, &c.
	Kilometres.	Kilometres.	Kilometres.	Kilometres.
Rhine Territory	1,683·8	455·1	418·6	109·2
Oder ,, ...	1,589·8	155·0	80·0	352·6
Elbe ,, ...	1,110·6	350·2	144·4	62·6
Weser ,, ...	819·7	106·1	2·0	45·0
Danube ,, ...	686·7	32·9	—	56·7
Ems ,, ...	464·7	85·1	587·5	50·0
Vistula ,, ...	411·1	32·3	65·2	104·8
Memel ,, ...	249·4	—	30·1	100·7
Pregel ,, ...	216·7	—	19·0	—
	7,232·5	1,216·7	1,346·8	881·6
Masurian Waterways	3·6	—	14·6	172·8
VARIOUS CANALS.				
Memel and Pregel	—	—	19·0	—
Bromberg	—	—	26·5	—
Mark	517·4	134·4	423·1	311·9
Elbe and Weser...	—	—	43·6	—
Weser and Ems...	33·0	—	14·0	143·0
Danube-Main	—	—	139·5	—
Haute-Ems	—	—	44·2	—
COAST STREAMS.				
Baltic Sea West of Oder ...	32·2	—	—	300·8
North of Elbe (including North and Baltic Sea Canal) ...	214·7	64·8	105·0	272·4
Ems and Weser...	33·0	—	14·0	143·0
Frisches Haff	—	—	—	104·3
TOTALS	8,066·4	1,415·9	2,190·3	2,329·8

The aggregate navigable length of these inland waterways is 14,000 kilometres, or 8,750 miles.

The vessels of all kinds with a tonnage of 10 tons and over engaged in internal navigation in 1902 numbered 24,839, of which 23,949 were certified to have an aggregate tonnage of 4,877,509, comparing with 18,242 such vessels with a tonnage of 1,658,266 in 1882. The total trade of the 20 Prussian harbours on the Rhine alone amounted in 1906 to 23,441,000 tons, Düsseldorf having a trade of 1,019,000 tons, Cologne-Deutz 1,095,000 tons, Duisburg 6,221,000 tons, Duisburg-Ruhrort 7,418,000 tons, and Duisburg-Hohfeld 1,141,000 tons.

Early in the history of mercantile transport the States recognised that canals were an absolute necessity for Germany, for

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with one exception the large rivers all flow from south to north, and so are of little use for the trade passing from west to east; even the Danube, flowing due east from Ulm to Vienna, only serves a small portion of South Germany. Hence many of the canals are of old date, though they have as a rule been thoroughly adapted to modern needs. The principal ones connect with the rivers Rhine, Elbe, Ems, Oder, and Vistula, with their tributaries.

Perhaps the best idea of the inland waterway facilities enjoyed by the German trader can be obtained by taking almost any important town as a starting-point and following the directions in which regular navigation is carried on. Thus the Rhine can be used for heavy traffic as far as Mannheim and for light craft as far as Strassburg, though the deepening of the river to Basle is only a question of time. In the neighbourhood of Duisburg a canal runs west toward the Scheldt, the Dortmund-Rhine canal runs east and the Dortmund-Ems canal runs north to Emden with a branch to the Weser; while a Central German (*Mittelland*) canal is projected, which will flow east from the last-named canal, passing Minden, Hanover, Magdeburg, Potsdam, and then, leaving Berlin slightly to the north, will meet the Oder above Frankfort. Higher up the Rhine its tributary the Main has been made navigable as far as Frankfort, and is now being deepened as far as Aschaffenburg, whence canals are contemplated which at Bamberg and Nuremberg will join the Ludwig canal, running north from the Danube. Finally there runs from Strassburg in French territory the Rhine-Marne canal and further south Mülhausen has canal communication with the Rhone. In the same way the Elbe above Dresden is connected by canals with the Danube, while below Magdeburg waterways establish communication east with the towns on the Spree, Havel, and Oder.

At the present time Prussia is showing special enterprise in developing its canal system. The Canal Law of 1905 authorised the construction of a canal from the Rhine to the Dortmund-Ems canal, another from the latter canal to the Weser, one from the Weser to Hanover, a deep canal from Berlin to Stettin, costing alone over two million pounds, as well as various small branch canals and expensive works of rectification on certain of the shallower streams. The entire expenditure on these

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projects is estimated at over sixteen million pounds. When several canal links have been made in the South there will be uninterrupted water communication between the North and Baltic Seas and Vienna and the rest of the towns on the Danube. What the canal system means for the large German towns may be judged from the fact that since the construction of the Teltow canal towed boats can go from Ratibor, over a hundred miles south of Breslau, in Silesia, to Berlin, and thence either to Stettin or Hamburg. The river trade of Berlin is larger than that of any port either on the Rhine or the Elbe, foreign trade excluded. In 1904 24,300 boats, with a tonnage of nearly four millions, came up the Spree and landed their cargoes in Berlin, while 13,700 boats, with a tonnage of three millions, came down-stream. Boats over 200 feet long and 26 feet wide, with a draft of 8 feet and a tonnage of 600, can use the river.

The inland navigation trade of Germany stands at the present time before a crisis in its history, for the freedom of the natural waterways has been challenged by the Prussian Government. Hitherto the rivers have all been free, and in some of the ports on the Rhine, like Mannheim and Ludwigshafen, even harbour dues have not been charged, though this is not the case at Cologne, Düsseldorf, and Mayence. Prussia desires to levy duties on all the rivers of the Empire, and has made a proposal to this effect to the Federal States. The proposal does not appear to have been regularly initiated. It was, indeed, part of a bargain made by Prince Bülow with the agrarian party in the Prussian Diet when in 1905 it ceased its opposition to the Government's canal schemes and accepted them on terms. Forced at last to agree to the construction of the canals, the agrarians extracted from the Government an undertaking that it would use its influence to secure the introduction of duties on the rivers "regulated in the interest of navigation," and the pledge was duly embodied as section 19 of the Canal Act as passed. The section runs as follows:—

"Duties (*Abgaben*) shall be levied on rivers regulated in the interest of navigation. The duties shall be of such amount that the proceeds shall cover a reasonable (*angemessen*) interest and repayment of the expenditure made by the State for the improvement or deepening of each of these rivers beyond the natural limit in the interest of navigation. The raising of these dues

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shall begin at the latest with the coming into use of the Rhine-Weser canal or a portion of the same."

It is remarkable that the Prussian Government should have committed itself to so far-going a decision as this, affecting the rights of other States, both German and non-German, without first feeling its way; yet the pledge having been given, the agrarians were not disposed to tolerate its infraction, and the Prussian Government is now doing its best, both in the Federal Council and in negotiations with individual States, to carry out its obligations.

Prussia's proposal is that the German riparian States—the chief of which, besides itself, are Baden, Bavaria, Würtemberg, Hesse, Anhalt, Oldenburg, and Hamburg—shall "form a financial association which shall levy duties for the deepening and improvement of the waterways." The standpoint is overlooked that the rivers have been regulated so that the benefits of trade and industry may be more easily and more generally shared, and that in the growing use of the rivers for mercantile traffic lies the reward of the expenditure which has been incurred.

It may also be fairly assumed that Prussia would like to see freedom of navigation curtailed on the rivers in the interest of its railways, with which the rivers now seriously compete, but a still more urgent reason for the change proposed is undoubtedly the desire to make more difficult the conveyance of foreign corn to inland Germany by waterway. This purpose was avowed by the agrarians during the discussion of the Canal Bills. Not only did the Canal Committee in its report explicitly state that "the large streams are prejudicial to home agriculture, since they serve as entrance doors for foreign products, with the result that our protective policy is checkmated," but when challenged to state why he wished for these duties the leader of the agrarians in the Prussian Upper House said, "I declare quite openly that I hope that the import of corn will be checked by the duties, and that by the differentiation of tariffs a means will be found of making it possible for us [the East Prussian] corn-growers to compete on the Rhine." Nevertheless, it is at least possible that agriculture would be the first to lose by the imposition of river duties. For no river shipping company will carry on its trade at a loss, and the first result of duties would be an increase of freights. But it is not inconceivable that home agricul-

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tural produce would prove less able to bear higher freights than foreign, and the advantage which foreign corn already enjoys as against German in the Western districts of the country might be further increased if corn from the Eastern Provinces were to be saddled with heavier charges on the Rhine and the Elbe. How important the waterways are for the conveyance of food supplies is illustrated by the fact that between the years 1875–6 and 1896–8 the amount of corn delivered in Berlin by ship increased from 27·6 per cent. to 66·7 per cent. of the total supplies, while the amount received by rail fell from 72·5 per cent. to 33·3 per cent.

Whether the proposed duties shall be imposed or not, however, is first a constitutional and then an international question. Not only will Prussia have to win over all the German States concerned to the necessary alteration of the constitution, but it must also satisfy neighbouring States like France, Holland, and Austria-Hungary before the freedom of the Rhine and the Elbe can be abolished. For the Rhine Navigation Act of October 17, 1868, was signed, not only by Prussia, Baden, Bavaria, and Hesse, but by France and Holland, while to the Elbe Navigation Act, securing complete freedom of navigation upon that river, Austria was a party.

Two articles of the Imperial constitution deal with the inland waterways and their regulation. Article 4 reserves to the Empire the "oversight" of (amongst other matters) "the carrying on of rafting and navigation on the waterways common to the several States and the condition of such waterways, as well as the river and other water duties" (navigation marks, such as lights, buoys, &c., being added by an amendment in 1873). As for the duties contemplated, article 54 expressly states:—

"On all natural waterways duties shall only be levied for the use of special works (the word is "*Anstalten*") which are intended to facilitate traffic. These duties, as well as the duties for the navigation of such artificial waterways as are State property, shall not exceed the costs necessary to the maintenance and usual renewal of the plants and works. These provisions shall only apply to rafting in so far as it is carried on on navigable waterways."

There is in the same article a guarantee against preferential treatment in the provision which states: "In the seaports and

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on all natural and artificial waterways of the federated States the merchant ships of all those States shall be admitted and treated on equal terms. The duties which are levied in the seaports from sea-going ships or their cargoes for the use of shipping works may not exceed the costs necessary for the maintenance and usual renewal of these works."

Thus the duties legalised and permitted on the rivers are constructively the harbour and similar duties which are charged in seaports; of navigation duties in the ordinary sense there is no suggestion. The intentions of the framers of the constitution are clear from a Federal Council declaration of 1870 stating: "The idea is no other than that the waterways provided by nature shall be thrown open to common use without restriction or charge." Further, that the rivers were intended to be free is evident from the fact that the duties which had been levied on the Elbe were repealed in 1870, by treaty between the North German Confederation and Austria, and those on waterways in Alsace-Lorraine were repealed by a law of 1873.

The attitude of the Prussian Government on this question has undergone an entire transformation during the past twelve years. Down to 1896 it frankly and without any reservation held the view that the levying of river duties was impossible, since the free navigation of the rivers was secured by the constitution and by international law. In 1902 the desire to introduce such duties was openly avowed, but they were still declared to be impracticable for the reason just given. In 1904 the wish became a resolve, and Prussia now for the first time disputed the interpretation of article 54 of the Imperial constitution in the sense traditionally and universally received; in other words, it contended that free navigation was not intended to be unlimited, and that subject to the constitution as it stands duties might legally be levied. Following this decision came in 1905 the Canal Law with the provision quoted, committing the Prussian Government to distinct antagonism to the existing freedom of the rivers and to a denial of the interpretation of the constitution which has held the field for the last forty years.

As an illustration of how great events can from little causes spring, it is interesting to point out that the whole question, with all the inter-State controversies which it has already created and the international controversies to which it may yet give rise,

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hinges upon the interpretation to be placed upon two words. These are the words "*besondere Anstalten.*" Where the greatest jurists differ as to the exact definition of these words, it would be rash to bind oneself to a too literal translation, though the sense is given by the words already used, viz., "special works." The point upon which the official Prussian jurisconsults profess to differ from all other authorities is whether these "special works," justifying duties, include works of a general character executed for the deepening or widening of the channel, or merely special works like docks, bridges, warehouses, roads, cranes, &c. The official view is that works of the former kind are "special," and that the users of the rivers may legally be required to contribute to their cost—a view which is in conflict with the entire policy of the States and the Empire since the creation of the North German Confederation. It cannot be forgotten that even when duties were introduced on the Lower Weser because of heavy expenditure on improvements, it required a special law because of the admitted constitutional difficulty.

The Prussian official advocates of river duties, however, have a further argument, which is that even if the deepening and widening of a river cannot be regarded as "special works," a river so altered is no longer a "natural waterway," and becomes an "artificial waterway," hence is subject to navigation duties. Taking this argument for what it is worth, the point would seem to have escaped the acute legal minds behind it that even "artificial waterways" are not subject to duties according to the constitution unless they are State property, a reservation which would exclude all rivers.

The conclusion come to by Dr. Netler, in a monograph on the question prepared for the Berlin Corporation of Merchant Elders, is that as to the legality of the question there is no room for doubt. Both the history and the implicit meaning of the constitutional provisions on the subject "make it clear that duties may not be levied for navigation, nor yet for the improvement of the channels of natural streams and the erection of buildings serving this purpose, and that duties may only be levied for the use of such buildings as do not belong to the nature of the stream but are independent of it." "If," adds Dr. Netler, "this state of the law has lately been called in question, the reasons are not to be found in the legal domain. It is not really

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a question of law at all, but a political question, which was made acute by section 19 of the Prussian Canal Law and the influence of the Conservative [*i.e.*, agrarian] majority of the Prussian Lower House on the attitude of the Prussian Government, and further owing to the traffic policy of that Government, which seeks to counteract any loss in railway revenue by the development of inland navigation."

Whatever be Prussia's motive, however, the question it has raised will not be settled by legal argument. In order to carry its will Prussia must first win over a requisite majority of the federal States to an amendment of the constitution, which means that fourteen votes against any proposed change will be fatal; it must also carry the Reichstag with it; and afterwards it must satisfy the treaty rights of France, Holland, and Austria.

As for the German States, it was originally believed that at least the fourteen votes in the Federal Council possessed by Saxony (4), Würtemberg (4), Baden (3), and Hesse (3) would be combined against the scheme (Bavaria being regarded as uncertain), but this expectation no longer seems likely to be realised. As matters now stand, Saxony and Hesse are unconvinced, Baden is at least uncommitted, but Würtemberg, which began by opposing, has been won over by the prospect of revenue. Würtemberg has long wanted the deepening of the Neckar. The cost is estimated at £1,400,000, and interest and maintenance would cost £50,000 yearly, and, as Minister von Pischek said a short time ago, "Würtemberg could not carry the work out alone." Hence the Government and some of the Chambers of Commerce of that kingdom are attracted by the idea that if Würtemberg agreed to the levying of dues, substantial funds would be forthcoming for the canalisation of the Neckar. The Stuttgart Chamber of Commerce has formally affirmed its agreement with the scheme on condition that Würtemberg's share in the proceeds shall be definitely secured, and that the navigation of the Neckar shall be made possible for vessels of at least 1,000 to 1,200 tons.

No estimate has been made of the loss which would, *per contra*, fall on the consumers, who import a great amount of corn by waterway.

The Saxon Government, on the other hand, is strongly opposed to the duties, and the Diet is unanimously behind it. The Finance Minister of this State recently declared: "The

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Ministry of State now as before decidedly declines to adopt the proposed duties. The prosperity of the industry of Saxony is in part due to the advantage of a cheap waterway, the Elbe, and the Government cannot undertake the responsibility of imposing a burden upon shipping, much though it regrets its inability to go hand in hand in this matter with the Prussian Government, with which it is otherwise on such friendly terms." Even the Conservative party in the Diet has declared against duties as being "an infraction of the constitution, and in the case of the Elbe a serious menace to Saxon industry." Moreover, a conference of Saxon and Bohemian Chambers of Commerce, held at Dresden to consider the scheme, resolved unanimously that: "The freedom of the Elbe from duties is an indispensable condition of the prosperity of industry, trade, and commerce. The imposition of navigation duties would involve not only economic injury to important mercantile classes, but would infringe the Imperial constitution and the Elbe Navigation Act."

In Baden the position is anomalous, for there the Government is disposed to support Prussia, while the industrial and commercial interests vehemently oppose the duties. At a conference of 22 municipal authorities, 24 Chambers of Commerce, and four economic societies, held at Mannheim, the resolution was adopted that "any duties, however small, would inflict serious injury upon the shipping of the natural inland streams."

Should Prussia's project be carried out it is obvious that the greatest injury would be suffered by the towns and communities situated on the upper reaches of the streams, since it is intended that the duties shall be tonnage dues proportionate to distance. The Mannheim Chamber of Commerce has estimated that if duties were introduced on the Rhine, and if the charge were to average only 0·04 pfennig per ton and kilometre, as has been suggested, the cost to that town alone would be a million marks, or, roughly, £50,000 per annum. Should the calculation be even approximately correct, it will serve to indicate the importance of the material issues which are at stake.

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CHAPTER XII

AGRICULTURE AND INDUSTRY

The difficulty of preserving the right balance between agriculture and industry—The prevalence of one-sided views—Importance of agriculture in Germany—Agriculture and military efficiency—The rural movement—Number of agricultural owners—Cultivation of the land—The national production of grain—Corn-growing in Prussia—Other ground crops—Vineyards, orchards, hop-growing, spirit distillation, tobacco-growing, the beet-sugar industry—Agriculture and fiscal policy—Effect of industry on corn imports—The agricultural State—Conflict between agriculture and industry—Prince Bismarck on agrarian policy—Imports and exports of wheat and rye in recent years—Demand of the corn-growers—The present conditions of agriculture favourable—Higher prices and increased value of land—The Prussian Minister of Agriculture quoted—the encumberment of the land—All parties agreed that Protection cannot be summarily abandoned—The argument of the "National Granary"—Count von Caprivi quoted—Attitude of the Protectionists of the Chair—Prince Bülow's claim to be an "agrarian Chancellor"—Agrarian and industrial duties inseparable—Demands of the Agrarian League.

ONE of the most difficult of all Germany's domestic questions is undoubtedly the relationship of agriculture to industry, and one of the Government's most delicate domestic tasks is the preservation of the right balance between these two interests. For the growth of industry must inevitably be at the expense of agriculture, and the protection of agriculture by one-sided legislative measures must as certainly involve the handicapping of industry. Viewing the problem each from its own exclusive standpoint, it is unavoidable that neither agriculture nor industry should be able to see the problem "truly and to see it whole," yet only when it is thus seen and treated can the wider national interests receive due consideration.

There may be a difference of opinion as to how far the

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Imperial Government has succeeded in holding the scales evenly between the rival forces which are competing for the economic future of Germany, yet no one questions the wisdom and necessity of its endeavour to maintain agriculture in a prosperous condition and to protect it as far as possible against rapid changes to which it could not accommodate itself. For Germany has never neglected the vital interests of the soil, and its peasantry can still make the proud boast that it is one of the soundest bulwarks of the national prosperity and stability. While in the United Kingdom the number of persons engaged in agriculture declined between 1881 and 1901 from 711 to 495 per 10,000 of the total population, the decline in Germany between 1882 and 1895 was only from 1,783 to 1,554 per 10,000; the decline in the first case was 30 per cent., in the second it was 13 per cent. The German occupation census of 1895 showed that over eighteen million persons, out of a total population of fifty-two millions, were directly dependent upon agriculture and horticulture, and if forestry be included half a million more may be added.

Perhaps the German agrarian party is itself to blame for the fact that much sympathy has been withdrawn from it during recent years, for if industry has not been slow in making known its needs and claims, the representatives of agriculture, both in the Imperial and State Parliaments, have failed to make due allowance for the economic revolution which has come over the country during the past thirty years, and they demand as persistently to-day as ever that domestic policy shall unerringly follow the lines laid down by Prince Bismarck when the modern industrial era had hardly opened.

It is only when the facts of Germany's peculiar position are clearly understood that it becomes possible to do justice to both parties to the present struggle for predominance.

In spite of the steady displacement of the rural population which has been going on for many years, no greater mistake could be made than to suppose that in endeavouring to uphold agriculture the German Governments are defending a moribund interest. Notwithstanding the perpetual cry of the large landowners that their calling and existence are threatened, there is still room and fortune for progressive farming even in the great corn-growing districts of the North and East, while the smaller

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cultivators in general are holding their own in every part of the country.

Many of the platonic friends of agriculture, who hang on to the skirts of the agrarian party, though having nothing in common with that party in respect either of interest or ideal, support their solicitude for the farmer and his calling by the plea that the country is the best antidote to the town, a healthy and robust peasantry the best bulwark against the feverish, enervating influence of overcrowded centres of population. There is, indeed, in the German nature a strong and irradicable country instinct: it is significant that in the one German literary classic in which trade is glorified, Gustav Freytag's novel, "Soll und Haben," the writer suddenly stops short in the midst of his story of a business-man's bustling career in order to recite, in eloquent and enthusiastic words, the praises of rural life.

"Happy the man," he writes, "who treads wide tracts of his own land; happy he who knows how to subject the powers of burgeoning nature to an intelligent will. Everything that makes men strong, healthy, and good falls to the lot of the agriculturist. His life is an endless struggle, but an endless victory. The pure air of heaven strengthens the muscles of his body; the primeval order of nature forces his thoughts into an orderly course. He is a priest whose duty it is to preserve steadfastness, to preserve discipline and morals—the first virtues of a people. While other useful employments age, his remains as eternal as the life of nature; while other pursuits imprison men within narrow walls, in the depths of the earth, or between the boards of a ship, his gaze has but two limits—the blue heaven above and the firm earth at his feet. His is the highest joy of creation; for whatever he demands from Nature—plant or animal—springs up under his hand to a glad existence," &c.*

A recent German economic writer says:—

"The agricultural population preserves its strength and vigour by the free life with nature, and by giving to the towns the surplus of its increase of population its influence upon the latter is recuperative. The effect of the entire conditions of rural life is that the population on the land holds fast to good old customs, is not easily detached from all the movements in national life, preserves its fidelity and attachment to religion,

* "Soll und Haben," vol. i. book 3.

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and attributes importance to good morals. All these qualities exert their influence on the State and industry, and give us in the rural population a powerful support for our entire national life, as has been only too often shown in critical times." *

It is impossible to quarrel with sentiments of this kind or to criticise in an unfriendly spirit the measures in which they are often embodied. At the same time, it is only just to bear in mind that the towns are not as bad as they have been painted, and that the urban degeneration which social reformers, more equipped with earnestness than with facts, often deplore has not yet shown itself in Germany. For a long time the unproved assertion of a well-known agrarian advocate, Professor Sering, to the effect that the industrial towns did not supply one-third as many efficient men to the army as did the purely agricultural districts in proportion to their population, passed unchallenged, even where it was not formally endorsed and exploited as agrarian capital. There were, however, no conclusive figures from which to draw any inference either favourable or unfavourable to this contention. Such a basis for judgment was for the first time provided by the Bavarian Government, which in 1895 classified according to occupations the whole of the recruits called up for service with the colours. The result was to upset entirely the agrarian theory that the rural districts were a special source of efficient soldiers. It was found that although about one-half of the population of Bavaria followed agricultural occupations agriculture supplied to the army not three times more men than industry, but not even as many, viz., 26·4 per cent. against 28·4 per cent., while trade and commerce supplied 22·8 per cent., and other occupations and classes the rest. According to Professor Lujo Brentano, "Not quite a third of the men in the entire German army belong nowadays to agriculture." In 1902 the proportion was 29·4 per cent., in 1903 it was 31·3 per cent., and in 1904 30·9 per cent. In 1906 the largest number of defectives fell to agricultural Schleswig-Holstein and Mecklenburg and the Hanse Towns, viz., 8·7 per cent., then followed Würtemberg with 8·6 per cent., and Baden and Hesse-Nassau with 8·2 per cent. each. The fewest defectives fell to Lorraine, viz., 5·3 per cent. The most efficients came from East Prussia, viz., 63·8 per cent., West Prussia 63·4 per cent., Lorraine

* C. Herold, "Die wichtigsten Agrarfragen," p. 4.

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63·3 per cent., and Alsace 63·1 per cent.—two agricultural and two semi-industrial districts.

The argument of military efficiency apart, however, there is every reason why Germany should make a determined effort, even at great sacrifice, to preserve agriculture in a successful condition, and above all to protect its still large independent peasantry and to encourage the multiplication of the small holders. For the cry of "Back to the land!" which is heard there, as elsewhere, has a different and a happier meaning than underlies it in this country. In Germany the rural movement is not an endeavour to put upon the land industrial workers for whom the towns have no employment and no homes; it denotes an effort to attract back to agricultural pursuits labourers who left the land but yesterday and who have not yet fallen hopelessly into the whirlpool of urban life, yet for whom there are abundant opportunities of work in the country if only the conditions there can be made sufficiently attractive. Granting that radical changes will need to be made in the systems both of tenure and cultivation—a question to which it will be necessary to return later—before agriculture will be placed on a healthy basis, enabling it to do its best for the country and the nation, the fact remains that the lack of efficient labour is the most pressing of all needs. It is estimated that every summer several hundred thousand foreign labourers have to cross into Germany from the eastern frontiers in order to gather the crops instead of the native hands which are now finding more profitable or more congenial employment in the industrial districts.

A few figures may be selected, from inexhaustible data of the same kind, in illustration of the important and progressive place which agriculture in its various forms takes in the national economy. According to the latest enumeration, there were in 1895 in the whole Empire 5,558,317 agricultural holdings of all kinds, covering an area of 43,284,742 hectares (of 2½ acres), comparing with 5,276,344 holdings and 40,178,681 hectares in 1882; of the holdings in 1895 4,626,483 were purely agricultural, and 931,834 combined agriculture with forestry, and the area devoted to agriculture exclusively was 32,517,941 hectares. Further, there were in 1895 22,041 purely forestry holdings, and the entire area given over to forestry was 13,725,000 hectares. Between the years named the number of

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agricultural holdings increased by 281,973 and the amount of land so employed by 3,106,061 hectares. The increase was greatest in the case of holdings under 20 hectares.

The cultivation of the land underwent change as follows during the seventeen years 1883 to 1900:—

	1883.	1893.	1900.	Increase or decrease in 17 years.
	Hectares.	Hectares.	Hectares.	Hectares.
Arable and garden land	26,177,350	26,243,210	26,257,310	+ 79,960
Vineyards	134,620	132,580	135,210	+ 590
Meadow land	5,903,440	5,915,770	5,956,160	+ 52,720
Pastures and enclosures	3,425,110	2,873,030	2,706,710	− 719,400
Forests and plantations	13,908,400	13,956,830	13,995,870	+ 87,470

In 1883 45·5 per cent. of the entire surface was used as arable and garden land and in 1900 48·6 per cent.; 17·2 per cent. was used as meadow and pasture in 1883 and 16·0 per cent. in 1900; 25·7 per cent. was used as forest and plantation in 1883 and 25·9 per cent. in 1900. On the other hand, 9·3 per cent. of the surface was devoted to buildings, &c., in 1900 as against 8·3 per cent. in 1883. It is worthy of note that of the nearly fourteen million hectares of forest in 1900 4,430,000 hectares were in fiscal hands, 2,258,090 hectares belonged to communes, 517,229 hectares belonged to foundations and corporations of all kinds, 257,302 hectares were Crown lands, and 6,503,365 hectares were in private hands, an allocation which explains Germany's forest wealth and the high degree of excellence to which the trade as well as the science of forestry has been brought in that country. Of these forests no less than 2,380,000 hectares had been planted within the twenty years preceding 1900.

Germany no longer feeds itself, and with a rapidly growing population and a rising standard of life its imports of wheat especially have greatly increased during the past seven years, yet the production of the two staple food corns increased from an average of 8,490,000 metric tons yearly during the septennial period 1893 to 1899 to an average of 9,286,000 metric tons yearly during the following seven years 1900 to 1906 in the case of rye, and from an average of 3,439,000 tons to one of 3,600,000 tons in the case of wheat. The heaviest harvest of rye in this

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period of fourteen years was in 1904, viz., 10,060,762 metric tons, after which came 9,904,493 tons in 1893; the heaviest harvest of wheat was in 1906, viz., 3,939,563 tons, followed by 3,900,396 tons in 1902.

According to the official "Statistics of the German Empire" the harvest of the fields was as follows in the year 1906:—

	Metric tons.	Per hectare in metric tons.
Winter wheat	3,570,807	2·04
Summer ,, ...	368,756	2·02
Winter rye	9,473,479	1·59
Summer ,, ...	152,259	1·18
Winter spelt	458,954	1·43
Summer barley	3,111,309	1·89
Oats	8,431,379	2·00
Potatoes	42,936,702	13·0
Clover hay	11,912,726	5·74
Lucerne ,, ...	1,698,998	7·05
Grass ,, ...	28,732,930	4·83

The produce per head of the population was—of rye 328 lb., of wheat 204 lb., of spelt 10 lb., of barley 172 lb., of oats 248 lb., and of potatoes 1,511 lb.

There has also been a progressive increase in the productivity of the soil. The yield of rye per hectare throughout the whole country increased from 28·2 cwts. on the average of the years 1893 to 1899 to 30·6 cwts. for the years 1900 to 1905, and the yield of wheat increased from 34·2 to 38 cwts.

Taking the whole country together, there has been a steady if slow encroachment of arable upon grazing and pasture land, but even more important than the increase of the area devoted to corn-growing is the increase of production which has resulted from the partial abandonment of the three-field system of cultivation, the consequence of which was that a third of the surface was perpetually fallow. In 1878 in all Germany 2,308,474 hectares, or 8·89 per cent., of the arable and garden land were fallow; in 1888 1,846,800 hectares, or 7·05 per cent.; in 1893 1,550,201 hectares, or 5·91 per cent., and in 1900 only 1,230,626 hectares, or 4·69 per cent. In Prussia the proportions at the same dates were 8·91, 6·76, 5·56, and 4·25 per cent. respectively. In general the decline in the amount of fallow land since 1878 has

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been about 50 per cent., though in some parts of the country, like Saxony and Hesse, fallow land has almost entirely disappeared. The old system of cultivation is nowadays most followed in Mecklenburg, where some 10 per cent. of the land is still allowed to lie fallow.

Referring particularly to Prussia, it is computed that during the past century the extent of its arable land increased 44 per cent. According to a calculation of Conrad, the area of Prussia devoted to corn-growing in 1802 was 10,000,000 hectares, or 36·51 per cent. of the cultivable surface; in 1852 official returns placed it at 12,497,374 hectares, or 44·59 per cent.; and in 1900 it was 14,424,629 hectares, or 52·60 per cent. Many of the large cultivators have still much to learn in science and enterprise, yet improved labour-saving machinery is gradually being introduced, owing, no doubt, in a large degree to the necessity which the corn-growers are under of finding a substitute for the human labour which they are unable to attract to the land. In 1904 there were in the monarchy 394 steam ploughs, nearly all worked by two engines, and each capable, on an average, of deep ploughing 12½ acres of land per day. The use of potash for agricultural purposes has increased sevenfold in Germany since 1890; in that year 77 kilog. were used to every 100 hectares of agricultural land, but in 1905 the amount was 576 kilog., though in Prussia it was no less than 700 kilog. per 100 hectares, and in the province of Brandenburg 1,026 kilog.

The same favourable figures cannot be recorded for live stock. Here there has been a large increase in numbers since 1873, except in sheep, but a decrease proportionately to population, except in pigs. The number of cattle per 100 inhabitants decreased from 38·4 in 1873 to 32·3 in 1904, the number of sheep decreased from 60·9 to 13·2 per 100 inhabitants, and the number of horses from 8·2 to 7·1, but the number of pigs increased from 17·4 to 31·6.

Here, however, the catalogue of agrarian enterprises is not exhausted. In 1906 there were 300,500 acres of land under vines, a higher area than for many years. In Bavaria there were 56,790 acres, in Prussia 45,250 acres, in Baden 44,600 acres, and in Würtemberg 41,860 acres. The yield of wine must in 1906 was 35,985,990 gallons, but that was not much

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more than half the yield of the good year 1904, when it was 93,376,970 gallons for a smaller area. The average yield for the last five years was 101·4 hectolitres per hectare, or 46 hectolitres per acre.

The number of hardy fruit trees in cultivation was in 1900 estimated at 168,432,000, of which 52,332,000 were apple, 25,116,000 pear, 69,436,000 plum, and 21,548,000 cherry-trees, without counting the finer fruits. Prussia in that year had alone ninety million fruit trees, giving an average of 2,622 to every 1,000 inhabitants, though in the province of Saxony the average was 5,219.

The hops, upon which the beer-brewing industry depends, are grown in the South, in Bavaria, Würtemberg, Alsace-Lorraine, and Baden, and to a small extent in Prussia. In 1873 93,680 acres of land were under hops, and the production was 477,000 metric cwts., of which 402,000 cwts. fell to Bavaria, Würtemberg, Baden, and Alsace-Lorraine. In 1906 there were 62,445 acres of land under hops in Bavaria, 13,390 acres in Würtemberg, 11,435 acres in Alsace-Lorraine, 5,160 acres in Prussia, 4,635 acres in Baden, and 87 acres in other States, giving a total of 97,152 acres, an area larger than for eight years past, excepting only the year 1905. The produce in that year was 420,000 cwts., and the average for the years 1902–1906 was 466,000 cwts. The yield per acre in 1906 was 4·3 cwts., and the average for the years 1902–1906 was 4·9 cwts., comparing with an average yield of 8·8 cwts. per acre in the United Kingdom during the years 1898–1907. In 1873 the breweries of the country produced 857,000,000 gallons of beer, equal to 21 gallons per head of the population. In 1905 the breweries produced 1,600,610,000 gallons of beer, equal to 26½ gallons per head, the rate for Bavaria being 60 gallons, for Würtemberg 38 gallons, and for Baden 34½ gallons, while for the North German taxation area it was only 21¼ gallons.

Again, in 1906 Germany had 68,405 distilleries of all kinds, large and small, 6,367 being agricultural and 33 industrial distilleries producing potato spirit, and 8,169 agricultural and 758 industrial distilleries producing corn spirit. The year's production of alcohol was 96,287,290 gallons, the largest production for ten years, of which 77,404,624 gallons were distilled from potatoes, and 16,891,250 gallons from corn.

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The manufacture of sugar from beet also employs an increasing number of workpeople. The principal seats are Prussian Saxony, Hanover, Brunswick, Anhalt, and Mecklenburg, and the beet is grown for the most part in the neighbourhood of the factories. In the year 1905–1906 376 factories were engaged in the manufacture of sugar. The area devoted to beet was 1,179,300 acres, and the quantity of beets used was 15,733,478 metric tons, a larger amount than since 1901–1902. The production was 2,314,779 tons of raw sugar and 328,752 tons of molasses. Of the 376 sugar factories, 286 were in Prussia (108 in the province of Saxony), which country had a production of 1,861,970 tons of sugar and 260,859 tons of molasses.

The area under tobacco varies greatly with the seasons, a good season giving so satisfactory a return that a larger area is at once put under cultivation, but the general tendency during the past twenty years has been a declining one. The average area under cultivation during the five years 1886–1890 was 48,425 acres, during the years 1891–1895 43,595 acres, during the years 1896–1900 45,324 acres, and during the years 1901–1905 it was 40,417 acres, the year 1905 having an area of 35,277 acres. During the same period the number of tobacco planters has fallen from an average of 173,561 per annum for the years 1886–1890 to 108,847 for the years 1901–1905, the number in 1905 being 93,119. The greatest falling off has been in the small planters with farms of 2½ acres and under, who have decreased to barely one-third the number twenty years ago. The production of dried tobacco leaves has fallen from an average of 37,438 metric tons annually for the years 1886–1890 to 35,405 tons for the years 1901–1905.

Figures like these show the extent and variety of agrarian enterprise, and give some indication of the immense influence which is nowadays behind the demand for the retention of protective duties.

It is only since the 'seventies of last century, however, that German agriculture has been the special object of fiscal policy. Down to the middle of the century it was so far prosperous that the corn-growers had only nominal protection, and desired none at all, insomuch that in 1865 the duties were allowed to lapse. Herr von Bismarck (afterwards Imperial Chancellor and author of the Customs Tariff of 1879) wrote in 1848: "With regard to

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indirect taxation we hear far more of the protective system which favours our home manufacturers than of the free trade necessary to the agricultural population." At that time the German corn-grower did not trouble much about a home monopoly, for he could sell his produce elsewhere, if necessary, on advantageous terms. A large amount of wheat and rye was regularly exported to England, even when there was a deficient crop at home, for higher prices could be obtained there than the poor of his own towns were able to pay, and these in times of scarcity had to be contented with maize. During the decade preceding 1860 the average wholesale price of wheat in the markets of Prussia was 44s. 6d. per Imperial quarter, in Bavaria 45s. 11d., and in Würtemberg (1852–1859) 49s. 8d.; the average wholesale price of rye during the same period was 8s. 1d. per cwt. in Prussia, 8s. 4½d. in Bavaria, and 8s. 8½d. in Würtemberg. During the succeeding ten years the average price of wheat fell in Prussia to 44s. 7½d., in Bavaria to 43s. 5d., and in Würtemberg to 46s. 8½d. per Imperial quarter; and the average price of rye to 7s. 10d. per cwt. in Prussia, 7s. 4d. in Bavaria, and 8s. 4d. in Würtemberg; but there was a recovery during the earlier part of the following decade, 1870–1879, when the average prices were 48s. 8½d., 53s. 1½d., and 51s. per quarter respectively in the three kingdoms in the case of wheat, and in the case of rye 8s. 7d., 9s. 1d., and 9s. 8d. per cwt. respectively.

It may be asked, did not agriculture, like industry, share in the larger prosperity which came to the country after the close of the French war? For a time it did share—so long, in fact, as corn prices continued high. The short run of good prices led, however, to the excessive capitalisation of estates, and for a time farms on re-sale and re-lease changed hands at prices which proved an impossible load upon their new holders directly the brief spell of prosperity passed away. Land fell again, and with the fall disappeared much, and often the whole, of the capital of men who had bought by the aid of credit in times of inflated values, while many large proprietors found it impossible to adjust themselves to the altered condition of things, and the state of agriculture was made worse by the higher cost of labour, caused on the one hand by the migration from the rural districts to the industrial towns, and on the other hand by the higher cost of

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living and the unrest of the awakened agricultural labourer even when he remained on his native soil. Worse still for the corn-grower was the competition, no longer of Russia only but of America and Argentina, which now began to take threatening dimensions, depressing the price of the principal foodstuff, rye, to a price at which it could not be profitably cultivated at home. Hence the demand for Protection which began to be heard in the middle of the 'seventies, a demand to which Prince Bismarck for a time hesitated to listen, yet to which he entirely capitulated in 1879, when the first duty of sixpence per cwt. was imposed on wheat and rye.

At this time the home corn-growers were still able, on the whole, to cover the nation's food requirements, and sometimes they had a surplus for export. The scale turned after the industrial expansion which began early in the 'seventies had taken settled form and had become a great national movement. The growth of industry enormously increased the labouring population in the towns, creating a class of consumers with higher needs and ampler means for satisfying those needs. A wholesale movement from the rural districts began, with the result that even in the stagnant country districts labour began to have a competitive value.

Germany had hitherto had a large surplus population, and this population it had sent across the seas—to the United States, to Brazil, to Australia, to South Africa. Now it had no men to spare; the mines, the factories, the workshops called for hands and would not be satisfied. From the early 'eighties the emigration movement was checked, and though there have been fluctuations since, the general movement has been downward, until to-day the outward flow of population is insignificant. In 1871 the emigrants from the German Empire who sailed by home ports and Antwerp numbered 75,912, in 1872 the number was 125,650, in 1873 it was 103,638; then there was a fall to 45,112 in 1874, to 30,773 in 1875, to 28,368 in 1876, to 21,964 in 1877, and in 1878 the number was 24,217. During the succeeding twelve years there was a great increase, rising from 117,097 in 1880 to 220,092 in 1881, then falling, after fluctuations, to 116,339 in 1892, since when the decline has been continuous. To-day the number of emigrants is only one-fourth of what it was twenty years ago.

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German Emigrants leaving from all Ports, Home and Foreign.

	Number.	Per 1,000 of the Population.
1876	29,644	0·69
1877	22,898	0·53
1878	25,627	0·58
1879	35,888	0·80
1880	117,097	2·60
1881	220,902	4·86
1882	203,585	4·45
1883	173,616	3·77
1884	149,065	3·22
1885	110,119	2·36
1886	83,225	1·77
1887	104,787	2·20
1888	103,951	2·16
1889	96,070	1·97
1890	97,103	1·97
1891	120,089	2·41
1892	116,339	2·31
1893	87,677	1·73
1894	40,964	0·80
1895	37,498	0·72
1896	33,824	0·64
1897	24,631	0·46
1898	22,221	0·41
1899	24,323	0·44
1900	22,309	0·40
1901	22,073	0·39
1902	32,098	0·56
1903	36,310	0·62
1904	27,984	0·47
1905	28,075	0·47
1906	31,074	0·50

Twenty-five, and even twenty years ago, however, there was as yet no sign of the acute conflict which was soon to break out between agriculture and industry. The first moderate duties did not appreciably affect the price of food, and the manufacturing classes were able to obtain, as before, an unlimited amount of labour at wages which, though increasing, seem incredibly low when compared with those to which the working classes have in recent years become accustomed. There was no change in the general principles of national policy, for this was still based on the assumption that Germany was, and was destined to continue, essentially an agricultural State, that corn-growing was the chief of national industries, and that the first duty of Ministers and Parliaments was to safeguard the prosperity of the great land-owners and the large peasants. The occupation census of 1895 had shown, indeed, that agriculture no longer gave work and livelihood to as large a proportion of the population as in 1882,

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yet there had been no actual diminution—as we have seen, there was a small increase—in the pastoral class, and this fact was held to prove that the position of agriculture as the basis of national economy was not assailed. Yet the tide of industry was in full flux, and all the time it was pressing with growing force on the agrarian from two sides. On the one hand, the shortening of his labour supplies, owing to the competition of the factory towns, was increasing his costs of production, while, on the other hand, he prices of his products were still falling. The heaviest fall occurred in the decade 1880–1889, when the average price of the quarter of wheat was in Prussia 40s. 2d., in Bavaria 45s. 9½d., and in Würtemburg 42s. 10d., the lowest prices being reached in 1886 in Prussia, viz., 34s. 2d.; in 1885 in Bavaria, 40s. 7d.; and in 1884 in Würtemberg, 38s. 1d.; while the average price of rye per cwt. was 7s. 10d. in Prussia, 8s. 5d. in Bavaria, and 8s. 9d. in Würtemberg, the lowest figures being 6s. 4d. in Prussia (1887), 7s. 2d. in Bavaria (1887), and 7s. 6d. in Würtemberg (1886).

Worse still, the corn-grower saw that the countries to which Germany was beginning to export manufactured goods on a scale never experienced before were sending back corn and other farm produce in return, so that a growing portion of the nation's food supply was being produced abroad. Added to this, an entire change in the spirit of legislation came about when Prince Bismarck gave place to Count von Caprivi. The domestic policy of Prince Bismarck had been consistently agrarian, though the word had not yet passed into currency in the modern sinister sense. Bismarck was profoundly convinced that any measure passed for the benefit of agriculture was bound to promote the well-being of the entire nation concurrently, and he must not be accused of insincerity when he uttered words like the following: "Whenever I have come forward on behalf of landed property it has not been in the interest of the proprietors of my own class, but because I see in the decline of agriculture one of the greatest dangers to our permanence as a State."

Count von Caprivi had not long been Chancellor before he recognised that Germany could no longer be regarded, and legislated for, as an exclusively agricultural State, but that new economic forces had arisen in whose development and free play

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the national prosperity was equally bound up. From the moment the policy of the State was directed from this new standpoint agriculture and industry inevitably stood in open antagonism.

It is not the purpose of these pages to trace the history of the protective tariffs and other controversial measures which have been adopted for the benefit of agriculture, but simply to indicate in broad outline the economic transition through which Germany is passing, and any detailed account of what is known as the agrarian movement would be out of place here. Some answer must, however, be attempted to the questions—two in form though one in substance—is Germany able to feed its own people, and to what extent is existing legislation able to promote this end?

According to the German Government's estimate, prepared when the present Customs Tariff was under parliamentary consideration, the corn-growers of the country were only able, on the average of the years 1895 to 1900, to supply 92·6 per cent. of the nation's needs in rye and 73·7 per cent. in wheat and spelt. During those years there was on the average an excess of imports over exports of 591,760 metric tons of rye and 1,263,240 tons of wheat and spelt. During more recent years Germany has had to import from one and three quarters to two million tons of wheat, while the deficit in rye averaged nearly half a million tons in the years 1902–1905:—

Wheat.

Year.	Imports in Metric Tons.	Exports in Metric Tons.	Excess of Imports in Metric Tons.
1902	2,201,974	263,064	1,938,910
1903	2,124,643	347,272	1,777,371
1904	2,214,820	330,483	1,884,337
1905	2,482,943	337,685	2,045,258
		Rye.	
1902	990,638	143,110	847,528
1903	833,790	222,384	611,406
1904	464,948	359,871	105,077
1905	589,926	331,919	258,007

At the same time the imports of wheaten flour averaged

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during the years 1903 to 1905 25,500 tons and the exports 56,400 tons, while the imports of rye flour averaged 1,770 tons and the exports 99,705 tons. On the whole, therefore, Germany has of late years become rather more dependent upon foreign food supplies than before.

Notwithstanding this, there has been a considerable increase in the production of both food-corns. The average production of wheat during the seven years 1900 to 1906 was 25,239,949 metric tons, and during the preceding seven years 1893 to 1899 24,051,454 tons, showing an increase of 1,188,495 tons, or 169,785 tons per annum. The average production of rye during the seven years 1900 to 1906 was 65,405,289 metric tons, and during the preceding seven years 59,422,364 tons, showing an increase of 5,982,725 tons, equal to 854,675 tons per annum. But in the interval the population had increased from 52,280,000 in 1895 to 60,641,000 in 1905, an increase of 8,361,000. While the increase of population had thus amounted to 16·0 per cent., the increase in the production of wheat and rye together barely reached half this percentage. Allowing for an estimated consumption of 440 lb. of wheat and rye per head, there was a shortage in production of about three-quarters of a million tons. It is clear that at present the home corn-growers, while they are not going back, are not meeting the larger demand caused by the increase of population and an improving standard of life.

Perhaps the most significant fact about the home production of food-corn is one which has not hitherto received the recognition which it deserves. The principal deficit is in wheat, the consumption of which is steadily increasing, while that of rye declines. It will be a surprise to many persons who only know the Germans as a rye-bread-eating people to be told that over 30 per cent. of the grain consumed is wheat. The explanation lies, of course, in the fact that a large amount of pure wheat bread is eaten in the form of rolls, and that throughout the country the so-called rye-loaf generally has an admixture of from 20 to 33 per cent. of the same flour. Hitherto it has been assumed that the soil of the great corn-growing districts of the East is more suited to rye than to wheat, and in the tariff of 1902 the duty on wheat was fixed higher than that on rye for the deliberate purpose of giving rye additional encouragement.

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It will be interesting to see how far the corn-growers of Prussia are able and willing to adjust production to demands which are changing qualitatively as well as quantitatively. Their constant rejoinder to the critics of protective policy has been that production is merely a question of price, and that, given a remunerative return on capital, the national granary can supply the national need. It is obvious, however, that in a country with such diversity of soil, climate, and transport conditions as Germany, no estimate of costs of production could be suggested would be generally acceptable. Professor Drechsler, calculating the cost in Hanover in 1888, came to the conclusion that wheat could not be produced for less than £8 10s. 7d. per ton and rye for less than £7 11s. 9d., the maximum rates being £9 12s. for wheat and £9 11s. 9d. for rye grown on bad or difficult land, and the minimum rates £6 10s. 7d. for wheat and £5 5s. 5d. for rye grown on good land. A more recent estimate made by Herr Evert * is £7 10s. for rye and £10 for wheat, while another agricultural writer, Herr C. Herold, places the cost of producing rye remuneratively at £8 and that of wheat £10, a surplus of 10s. per ton being left in each case.† The logical agrarian protectionist refuses to be bound by data of this kind, however, and states his demands in the simple formula, "The German market for the German corn-grower." He insists that the duties must be retained at such a height as will eventually make Germany independent of the rest of the world for its food supplies, ignoring the fact that every new pair of hands that goes to swell the industrial army adds to the difficulty of preserving the "agricultural State."

For the present, owing to a combination of auspicious influences, the conditions of agriculture are exceptionally favourable. Baron von Göler, one of the most authoritative representatives of the agrarian party, stated in February, 1908, that "German agriculture was in a better position than for many decades. He had for years complained of agricultural distress, but he must now confess that agriculture had revived and was more profitable than before. It might seem hazardous for an agrarian to talk thus, but out of the abundance of the heart the mouth speaks." He added that

* "Der deutsche Osten," p. 18.
† "Die wichtigsten Agrarfragen," p. 16.

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the agriculturists owed this state of things in great measure to the new customs tariff.

Every sign points to the accuracy of this estimate. It was stated in the Reichstag on March 2, 1907, on the authority of the German Agricultural Society (*Landwirthschaftsgesellschaft*) that the protective duties had during the year 1906 increased the value of German real estate by no less a sum than £68,250,000. One has only to consult the records of sales of agricultural estates to find evidence of the enormously increased capital value which has been created by the higher prices obtained owing to the last revision of the duties, assisted, no doubt, by a shortage of corn, and by the exceptional run of prosperity which industry has enjoyed, leading to an increased national spending power.* Speaking for a typical corn-growing district, the Chamber of Agriculture of the province of West Prussia lately published the following comparative return of prices per hectare (2½ acres) of arable land: 1901, £17 3s.; 1902, £21 5s.; 1903, £29 4s.; 1904, £30 3s.; and 1905, £54 3s., showing an increase (which had not ceased in 1905) of over 200 per cent. in four years.

The actual cultivators have also benefited by the higher prices of corn and farm stock which have prevailed for some time, but in their case a reaction is certain, and in the opinion of some authorities has already set in. For the increased capital value of land has advanced rents, while at the same time labour, material, and other costs of production have become dearer, leaving a smaller margin of profit. "According to my observation and experience," writes Herr Herold, "leasehold rents are

* The following instances, referring to the spring of 1907, of Prussian estates changing hands at larger figures, have been taken at random:—

1. The estate of Staldssen, 280 morgen, bought for £10,800, sold for £11,500, increase 6·5 per cent.
2. Estate at Wolsko sold for £5,250, bought a year before for £4,700, increase 11·7 per cent.
3. The Wenskowethen estate, sold for £6,000, bought ten years ago for £3,750, increase 60 per cent.
4. The estate of Georgenau, near Rosengarten, sold for £6,500, bought a year ago for £5,400, increase 20·3 per cent.
5. The estate Ernstfelde, near Insterburg, sold for £17,500, bought six years ago for £14,500, increase 20·7 per cent.
6. The manor Friedrichshof, near Bublitz, sold for £9,750, bought two years ago for £5,000, increase 95 per cent.; and changed hands six years before that for £2,700, increase to date 261 per cent.
7. Estate in the circle of Wehlau, of 1,400 morgen, sold for £26,150, though bought three years ago for £12,500, increase 52·2 per cent.

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in general too high for present conditions. Many leaseholders are becoming bankrupt, others manage by great exertion and by living in restricted circumstances to drag out a necessitous existence. The experience of better circumstances in agriculture in former days and the keen competition called forth by the endeavour of many young people to create an independent position for themselves drive up leasehold rents to an unhealthy height."

The present Prussian Minister of Agriculture, Herr von Arnim, has lately said the same thing. Speaking in the Diet on February 7, 1907, on taking office, he stated :—

"It is my conviction that the increase in wages and the increase of the costs of production caused by the higher prices prevailing all round weigh heavily against the advantages which the higher prices of agricultural produce have conferred upon the farmer, especially when it is remembered that the higher prices of cattle are bound to be temporary. Taking all this into account, it is impossible to resist the conclusion that the higher prices of landed estates which we see at present are not justified by the increased returns, but are due to a larger demand for land, produced by the increased purchases by banks, domains, and people who have become rich in industry. This general rise in prices is especially serious since it is reflected not only in the purchase of estates, but in inheritance, and on every succession it gives rise to increased indebtedness. This steadily increasing indebtedness is one of the principal evils of agriculture, and is one of the chief reasons why agriculture is so little able to withstand economic crises. Agriculture then finds itself in a generation in the old position. The slightest reduction in duties means acute distress. But protective legislation will only justify itself if we adopt measures for combating unfavourable symptoms, and one of our tasks is to release landed property from debt."

It would appear that this see-saw movement in the fortunes of agriculture is inseparable from Protection, and that the hope of steadying prices and ensuring to the corn-grower certain and constant profits on a moderate level has so far proved unrealisable. Judging by the past, it is impossible to resist the conclusion that the improvement in the condition of agriculture which has unquestionably taken place, though it is now shared

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more or less by all sections of the agricultural class, owners and tenants equally, will eventually prove in the main advantageous to the owners. As in earlier times of prosperity, higher prices will create unhealthy land values, and at the end of a brief period of relief the actual cultivators of the soil will find themselves once more crippled in resources and paying advanced rents in face of falling returns.

It should also be borne in mind that even among the corn-growers themselves the benefits of Protection are shared very unequally. The "Handbook of the Conservative Party" says frankly that "The protection of home agriculture means essentially the protection of corn-growing." No one has doubted this; but it follows as a corollary that the protection of corn-growing means the protection of a numerically small section of the agricultural class and positive disadvantage to a far larger section, which only grows corn for its own consumption, and is, as a consequence, but little affected by the fluctuations of the market. According to an estimate used by Count von Caprivi, when defending his commercial treaties against attack in 1892, and later by Prince Hohenlohe, only corn-growing farms of at least 12½ acres have any direct interest in the price of corn, which means that only from one-fourth to three-tenths of the entire agricultural class is affected one way or the other.

Reference has already been made incidentally to the serious question of agrarian indebtedness. In the opinion of all writers on the subject the encumberment of the land is one of the greatest of all obstacles in the way of the permanently healthy condition of agriculture. It is probably under the mark to say that on the whole over half the sale value of the agricultural land of Prussia is covered by mortgage, and here again the East of the kingdom is in a far worse plight than the West. It has been estimated* that for every £100 of capital invested in land by independent proprietors following agriculture as their principal occupation in Prussia, there is a debt of £188 10s. The position of those who only follow agriculture as a secondary occupation, either for business or pleasure, is more favourable, for here the indebtedness is only equal to one-half the capital invested. No direct official information of recent date exists on this subject, but safe conclusions can be drawn by the study of

* "Statistische Korrespondenz."

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the taxation returns. Under the Prussian Income Tax Law persons with an income exceeding £150 are required to declare the value of their real and personal estate and the amount of debt upon the same. In 1899 the aggregate value of the estate of persons of this class was £751,650,000, of which £513,500,000 consisted of real and £238,150,000 of personal estate, and the debt amounted to £189,900,000, or 25·3 per cent. of the whole.

In the Eastern Provinces of East Prussia, West Prussia, Brandenburg, Pomerania, Posen, and Silesia the indebtedness amounted to 47·7 per cent. in the case of land; in the Western Provinces, 24·7 per cent. Taking real and personal estate together, the percentage of indebtedness was 31·4 per cent. in the East and 14·7 per cent. in the West. Taking individual provinces the indebtedness on real estate was:—

East.		West.	
West Prussia	58·23	Schleswig-Holstein ...	30·09
Pomerania	52·50	Hesse-Nassau	26·50
East Prussia	51·38	Saxony	25·74
Posen	50·74	Rhineland	24·84
Brandenburg	46·16	Westphalia	22·42
Silesia	41·57	Hanover	20·68

It is not without significance that the greatest encumberment falls to the region of large estates, and a comparatively light indebtedness to that in which peasant properties are specially numerous. The Berlin *Post* wrote recently: "There are estates, far from the larger towns, with good communications, which, conducted on the old economic methods, give little return, which are burdened with mortgages and other debts, and are unable to adequately support the numerous members of their old families. And these are families whose names appear often in the Prussian officers' list, are engraved in golden letters in the rolls of honour of Frederick the Great, and their preservation is a profound interest of the State, in that the military spirit of the best ages lives in them as a tradition, that imponderable quantity which cannot be attained or imitated at a moment's notice by others. How can these families, how can the landed proprietors in the East especially, be helped?" The same question was raised by the President of the Agrarian League at a meeting of the Prussian Economic Collegium in March, 1907. "How is a landed proprietor to be kept permanently in a sound condition?" he asked. "First, naturally, by making his property sufficiently

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remunerative by resort to the utmost possible technical development, but also by being disencumbered of debt, a relief which must be permanent."

On the other hand, a recent investigation made by the Statistical Office of Baden, a State with a comparatively small amount of corn-growing and with many little proprietors, showed no excessive proportion of indebtedness, and also brought to light the fact that a considerable part of the mortgages held on land was in the hands of farmers.

The Government has on several occasions seriously considered what measures might be feasible with a view to relieving the present burden of debt, which paralyses so many large landowners and checks enterprise, and at the same time to preventing excessive encumbrance in the future. No plan, however, would appear to have yet been devised which would not greatly restrict the free action of the owners, and to that extent decrease the selling value of their estates.

Nor is that the only difficulty. It is recognised that the first condition of any State regulation of agrarian debts must be the fixture of a maximum limit of mortgage, beyond which an impecunious landowner would have to rely on personal credit. It is, however, at least arguable that the effect of this restriction might be to make improvident men more unwise than ever in their monetary arrangements, for a debtor in difficulties will borrow anyhow, and if rational ways are closed to him he will resort to irrational. Further, any attempt to lay down general limits of debt would in practice be impossible, for the conditions of agriculture are so different that every class of property and form of cultivation would require special consideration. Upon one point the Government would appear to be determined: it shows no inclination to take upon itself any direct guarantee for the payment of either capital or interest under any scheme for the regulation of debts which may be found practicable.

To sum up, it may be taken for granted that for a long time to come the preservation of agriculture in a prosperous condition will be one of the first objects of domestic policy in Germany. There is difference of opinion as to the measures best suited to attain the end in view, and as to the extent to which the aid of the State should be sought—a difference showing itself by such extremes as, on the one hand, the proposal of the ultra-

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agrarians that the State should set up a monopoly of corn, and, on the other hand, the Radical demand that the large estates should all be summarily parcelled up into a multitude of small holdings—but no serious politicians suggest that a mere policy of *laissez faire* can ever again be followed in regard to an industry so closely related to the feeding of the people. Even some of the more responsible Socialist leaders repudiate the idea that Protection could be summarily abandoned, and avow their readiness to make any reasonable sacrifice for the sake of the genuine cultivators of the soil. In brief, in their attitude towards agrarian remedies parties are no longer divided on the question of principle, but on that of measure and degree. From the political standpoint alone it is held that Germany's dependence upon foreign food supplies is a danger which no responsible statesman ought to contemplate. However lamentable it may be that agriculture has been allowed to decay in the United Kingdom, our nation's food is at any rate secured by the existence of a navy powerful enough to keep clear the trade routes of the seas. Germany possesses no such security, and in its absence the maintenance of the national granary, the corn lands of the North and East, in as abundant and efficient a condition as possible must be a primary object of domestic policy. Of this Count von Caprivi himself, though the first responsible statesman to recognise the advent of the industrial era and the urgent need of cheaper food for the labouring class, was no less sensible than the extremest Protectionist.

"The existence of the State is at stake," he said in the Reichstag on December 10, 1891, "when it is not in a position to depend on its own sources of supply. It is my conviction that we cannot afford to dispense with such a production of corn as would be sufficient in an emergency to feed our increasing population, even if under restrictions, in the event of war. The very existence of the State would be at stake if it were not able to live upon its own resources. I regard it as the better policy that Germany should rely upon its own agriculture than that it should trust to the uncertain calculation of help from a third party in the event of war. It is my unshakable conviction that in a future war the feeding of the army and the country may play an absolutely decisive part."

It is this aspect of the question which specially appeals

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to many Protectionists of the Chair, who view with misgiving the multiplication of industry without a corresponding increase in the home supply of food, and cherish the ideal of the self-contained State. Goods are not exchanged for money but for other goods, and in the case of Germany a great part of these other goods necessarily takes the form of raw materials and food. So long as an exchange on that basis can be contracted, and the ocean remains open to the traffic of all nations—that is, during times of peace—Germany may feel safe, but only so long. Arguing thus, the academic Protectionist lays stress upon the preservation of the home market for home industry, combined with such an increase in the production of corn as may enable Germany to become an exporting instead of an importing country, and disparages the export trade save in so far as it is required by the necessities of international exchange. The same idea was held by that industrial pioneer George von Siemens, who used to contend that the future of German industry depended more upon the development of the home markets than upon foreign trade. "German industry," he once said, "will achieve more for itself by introducing a curtain into every cottage window and a carpet into every cottage parlour than by pushing the German export business, and making German industry dependent upon the purchasing power and the good-will of foreigners."

In his book, "Deutschland als Industriestaat," Professor Oldenburg puts this argument in the following words:—

"The national economy has been compared to a building arranged in stories. The strong ground-floor is agriculture, and it bears the industrial superstructure, the upper story, upon its shoulders. So long as uncultivated land remains at disposal the basement may be extended to the frontier of the country, and this extended basement can bear a correspondingly extended industrial story. But the industrial story cannot be extended further than the agricultural foundation extends unless its population live on foreign food and its manufactures be exchanged for this foreign food—in other words, unless an export industry be created which works for foreign countries and lives by them. The industrial story grows in that case laterally in the air and across the national frontier above foreign soil, artificially supported on the pillars of foreign trade, which rest on that foreign soil. But these pillars will only remain on foreign

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soil so long as the owner of the soil allows them. If one day he wishes to use the land himself the overhanging story, with the pillars beneath it, will collapse. In like manner if we establish an export industry employing five million men who live on America's surplus of corn, these five million men with their future existence are dependent on that American surplus continuing permanently and being specially set apart for exchange for their manufactures."

The attractive argument of the national granary is not, however, the argument upon which the agrarian rests his claim to special protection.* However patriotic he may be, the East Elbe corn-grower is too honest to pretend that he cultivates his fields for the purpose of making Germany independent of foreign food supplies in time of war, nor is there any reason to suppose that, either in good seasons or bad, he will ever sell his produce one whit more cheaply than his foreign rival. When several years ago the harvest was so abundant that there seemed a fear that prices would be forced down to an unremunerative level, an agrarian orator deliberately advocated the burning of a portion of the crop so that an artificial condition of scarcity might be produced. In ordinary times also the corn-growers make no systematic attempt to provide the needs of the home market first, but like good business men sell at home or abroad just as advantage dictates. During the years 1906 and 1907, when corn prices everywhere rose to an unparalleled height, the home producer made a specially good business by sending large quantities of rye out of the country, thus keeping the home market sufficiently short to prevent any relapse in prices. No one dreamed of putting into force the attractive theory of "German corn for German mouths." The best prices were taken wherever they were offered, and the satisfaction of the

* It is a favourite idea with the Conservative party that a year's supply of corn from abroad should be kept stored in towers after the fashion of the Julius Tower in which the Imperial War Chest of six million pounds is preserved at Spandau. Such a supply would be over two million tons of wheat and rye, with a value varying from seven and a half to fifteen million pounds, without counting the enormous accompanying costs. Frederick the Great stored corn in the same way, but for the purpose of equalising prices in case of scarcity, on the principle laid down by him in 1768: "In the matter of prices it is the prince's duty to hold the balance evenly between the interests of the nobleman, the domain tenant, and the peasant on the one hand, and the interests of the soldiers [who then bought their own bread] and the factory workers on the other."

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towards the rise and fall of Ministers of State. It is the achievement of the Agrarian League that it has created a solid phalanx of agricultural opinion and influence—a powerful country party which voices the undivided sentiment of the larger owners and peasants. Before its formation the agriculturists voted with the Conservatives, and the great majority were Conservatives, as they still are to-day; yet while the domestic policy of that party has consistently been an agricultural policy, and in direct conflict with the special interests of industry and the towns, it had not in the past behind it the powerful support and impetus provided by a large and concentrated rural party, united by a single aim. Since 1892 the Agrarian League may be said to have swallowed up Conservatism, though nominally it constitutes a political group apart. For while the members of the League in the Prussian Diet and the Reichstag differ in their attitude upon the details of the general Conservative programme, and may not always vote at the bidding of the official Conservative leaders on purely political questions, whenever an issue is brought to the front by the agrarians themselves, the whole body of Conservative members usually join hands with the League. This is partly owing to fear lest the League should entirely drift away from the recognised political moorings of Conservatism, partly because the League is led by men who, whether wise and practical or not in their demands, certainly know what they want and go straight for their set goal, but chiefly because, in the main, the Conservative party continues still to be an agricultural party, in spite of the accession of a certain non-propertied element, which has never felt quite at home in its midst.

So thoroughly have the League and its adherents become a class organisation that there have been occasions when members of the League threatened to work with any party whatsoever, whether Radical or Socialist, in the event of the Government's refusal to satisfy their demands. When, on the other hand, they have supported the Government in critical situations, as on military or naval schemes, the agrarians have taken care to remind the Chancellor of the maxim of one of his predecessors, "*Do et des*," and to secure a fair equivalent.

As to the power, vitality, and wealth of the League there can be no question. At its annual meeting in February, 1907, it

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was reported that the members numbered 282,000, of whom 89 per cent. were said to be small owners and farmers, 10·5 per cent. owners and tenants of estates of medium size, and 0·5 per cent. large proprietors. Some 60,000 were small agriculturists who carried on a handicraft or a trade as a secondary calling, or artisans and tradespeople who followed agriculture as a secondary calling. It was stated that the League's organ in the Press had a circulation of 184,000; that its 72 officials and speakers had addressed 8,718 meetings in all parts of the country during the year; and that its trading departments had a turnover of £341,500.

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CHAPTER XIII

THE SMALL HOLDINGS MOVEMENT

Present extent of small holdings in Germany—Opinion of the East Prussian Land Commission—The creation of small holdings can only be at the expense of the great estates—The law of entail—The Prussian system of rent-fee farms—"Inner colonisation" by land companies—The creation of labourers' holdings—The Prussian Minister of Agriculture's proposals on the subject.

THERE is in circles interested in the rehabilitation of rural life, and in the welfare of the dependent people who live on the land, a strong body of opinion favourable to the creation on an extensive scale of small peasants' and labourers' holdings and properties, as a means at once of checking the flow of population to the towns, of diminishing the labour difficulty, and incidentally of counteracting the paralysing effect of the great estates.

Hitherto it has been tacitly assumed that any weakening of the system of great estates in the North and East of Prussia would deprive the small farmers of the invaluable moral influence which is supposed to be exerted by their powerful manorial neighbours, would bring agriculture to a standstill, and would make local government impossible, and of all this the large landowners themselves are even more convinced than the Government. Of late, however, the view has gained ground that a predominant system of large estates, absorbing economic and political influence and power, is not an unmixed good for the country, and this view has been supported by the proved ability of the small holders to withstand periods of agricultural depression which have severely tried the corn-growing industry. The Government honestly desires to multiply these small holders, by way of equipoise; its difficulty is how to create new estates even of the smallest size without unduly interfering with the old and

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over-grown large ones. Many of the large proprietors are themselves beginning to recognise that only by the creation of some system of small holdings will the acute labour problem be alleviated.

Yet in taking up this question of small holdings, as it is doing in a serious spirit to-day, Germany is not by any means turning over a new leaf in its agricultural history.

Happily for the nation, it already possesses a large race of small peasants who are able to keep abreast of the times, and to make a tolerable if not an affluent competency. The traditional home of the small peasantry is to be found in West and Central Germany, in Bavaria, and in the districts bordering on the North Sea. These peasants depend far more upon grazing than corn-growing, and for the most part they work their lands with the help of wife and children, and employ no labourers.

Not only so, but the small holdings are steadily increasing in number and in aggregate area. Between 1882 and 1895 the farms under five acres increased from 3,061,831, forming 58 per cent. of the whole as to number, to 3,236,367, forming 58·2 per cent. The number of farms of from 5 to 12½ acres numbered 981,407 (18·6 per cent.) in 1882 and 1,016,318 (18·3 per cent.) in 1895; those of from 12½ to 50 acres were 926,605 (17·6 per cent.) in 1882 and 998,804 (18 per cent.) in 1895; those of from 50 to 125 acres were 239,887 (4·5 per cent.) in 1882 and 239,643 (4·3 per cent.) in 1895; those of from 125 to 250 acres were 41,623 (0·8 per cent.) in 1882 and 42,124 (0·7 per cent.) in 1895; those of from 250 to 1,250 acres were 20,847 (0·4 per cent.) in 1882 and 20,881 (0·4 per cent.) in 1895; and the properties exceeding 1,250 acres numbered 4,144 (0·1 per cent.) in 1882 and 4,180 (0·1 per cent.) in 1895. The total number of farms and estates, made up of arable land, meadow and pasture, garden land, and vineyard, was 5,276,344 in 1882 and 5,558,317 in 1895.

The farms of less than 5 acres comprised in the aggregate 6,039,785 acres in 1895, against 5,398,393 acres in 1882; those of from 5 to 12½ acres 10,358,177 acres (against 9,582,255 acres); those of from 12½ to 50 acres 31,344,150 acres (against 28,730,042 acres); those of from 50 to 125 acres 23,748,100 acres (against 22,701,362 acres); those of from 125 to 250 acres 9,244,853 acres (against 8,337,295 acres); those of from 250 to

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1,250 acres 16,427,760 acres (against 15,033,537 acres); those exceeding 1,250 acres 11,151,975 acres (against 10,563,815 acres); making up a total area of 108,211,850 acres given up to agricultural holdings in 1895, against 100,446,702 acres in 1882.

As to condition of tenure the farms fell into the following groups in 1895:—

	Number.	Area. Acres.
In ownership of cultivator	2,260,990	93,175,950
Leasehold	912,959	13,400,100
Own property and leasehold combined	1,694,251	—
Other forms of tenure (e.g., *metayage*, service land, share of common land, &c.)	983,917	1,635,800

In the opinion of many high authorities upon the agrarian question the future prosperity of German agriculture will largely depend upon the extent to which small farming is encouraged. It is a well-known fact that the most poignant cries of distress come from those parts of Prussia which are given up to large manorial estates, and that the districts identified with small farming, and especially those which do not depend exclusively on corn-growing, are still in a prosperous condition. This applies in a high degree to the Western Provinces, like Rhineland and Westphalia, where the number of small proprietors and small leasehold farmers is exceptionally large. In some districts of the Rhineland it is estimated that at least a third of the entire area is held by leasehold tenants, who are willing and able to pay high rents, particularly in the neighbourhood of towns, where market gardening can be combined with grazing.

In the adjoining province of Westphalia are found all forms of tenure and cultivation—large estates, similar to those in the East, though few in number, peasant holdings of various size, and a host of small "parcels"—and in spite of the inroads made by industry town and country still develop satisfactorily side by side.

The Land Commission which has for twenty years worked the settlement scheme in the Polish districts of Eastern Prussia stated in a recent report:—

"The future of the great estates is threatened by the uncertainty of the supply of labour. Hence the assured form of agriculture to-day is that of the small and medium peasant with a property of from 25 to 50 acres. Dearth of labour does not affect him, and

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the sinking of corn prices does not hit him so directly or so severely, since he needs the greater part of his corn for his cattle. The fulcrum of his economy is cattle breeding, and that the more as the realisation of animal products becomes more remunerative; here he has a great advantage over the large proprietor, owing to the better care and control which he is able to exercise. He has appropriated the technical improvements introduced on the great estates, his machinery is in no way inferior to theirs, nor is his manuring, thanks to his increased stock of cattle, while co-operative organisations have supplied him with easier credit and facilitated both the sale of his products and the purchase of his farm needs. Hence he is able to pay a higher price for his land than the large proprietor."

The creation on any large scale of small holdings, however, can only take place at the expense of the great estates, and here, again, the whole weight of prejudice is against change. The large proprietors of the East of Prussia plead perpetual poverty, yet the last thing they are willing to admit is that their interests and the interests of the community would be served by the segregation of overgrown, unmanageable, and impoverished estates. Instead of making it easier to split up such estates the agrarians wish to make it still more difficult. Outlining the policy of the Agrarian League (March, 1907), the president of that organisation, Baron von Wangenheim, said:—

"What is especially necessary is the absolute prohibition of the private division of estates without State control—in other words, every alteration of possession must receive the sanction of a local or provincial court and a State Board of Cultivation under the Minister of Agriculture. We do not wish to inflict losses on the State, but we hold it to be in the national interest that the State should expend a big handful of millions in the cause of agriculture."

Already the large proprietors are protected by a severe entail law, though the great majority of the entailed estates are of comparatively recent date. The Prussian constitution of 1850 expressly prohibited the creation of family entails, but a law of 1852 restored the old right. The right was also extended about the same time to other parts of Germany in which it had been repealed during the application of the Code Napoleon, though it is still unpermissible in Oldenburg and Alsace-Lorraine.

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It is in Prussia, the home of agricultural distress and the agrarian movement, that the system of entail prevails to the greatest extent. At the end of 1905 there were in that State alone 1,165 entailed estates, with an aggregate area of 5,581,250 acres, equal to 6·37 per cent. of the entire surface, against 6·09 per cent. in 1895. Of this area 2,586,410 acres consisted of forest, equal to 12·5 per cent. of all the forest in the monarchy and 46 per cent. of all entailed land. The largest percentage of land entailed is in the province of Silesia, viz., 14 per cent., while in the provinces of East and West Prussia the proportion is under 4 per cent. In isolated districts of the monarchy the proportion is as high as 30 and 40 per cent., and in one administrative circle of Westphalia it reaches 52 per cent. For the most part the entailed estates are of great size. In Prussia it is required that in order to be entailed a property must have a minimum rent of £375. The result is that only the large proprietors can make use of the law. A return published a few years ago showed that 88·8 per cent. of the entailed land consisted of estates exceeding 2,500 acres in extent, and over 29 per cent. fell to estates exceeding 25,000 acres. The 937 proprietors of these entailed estates owned some five and a half million acres of land and forest, or a million acres more than all the three and a quarter million small proprietors with holdings of five acres or less. Many persons would like to see a system of peasant entail to counteract the effect of the large entailed estates of the manorial proprietors. Bavaria has had a law on the subject since 1855, but it has been little used.

In one respect, at least, the law of entail has been a blessing to the country, in that it has helped to preserve the forests which form so valuable a part of Germany's natural resources. In 1905 one-eighth of all the forest land in Prussia was entailed, and nearly one-half of the entailed land in that State consisted of forest.

Already something has been done in Prussia to multiply the number of small holdings by the laws of 1890 and 1891 for the creation by means of State credit of rent-fee farms (*Rentengüter*), a method suggested by the experience—rather than the success—gained by the "settlement" of the Polish provinces with German farmers. By these laws the State may acquire

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land for division into small peasant properties, which are transferred in return for an annual rent-charge fixed in money or in corn yet payable in money; part of the rent-charge is irredeemable, so that the State retains an interest in the property. Such a property cannot be subdivided or in any way encumbered so that its economic independence is destroyed. The State acts through General Commissions and Rent Banks, advancing to the owners loans for the building of houses, &c., and the redeemable portion of the rent-charge is released by payments spread over 56½ years. The holder is thus indebted to the State, and can count on more generous treatment than a private mortgagor generally allows. There are banks for the provinces of (1) East and West Prussia, (2) Brandenburg, (3) Pomerania and Schleswig-Holstein, (4) Posen, (5) Silesia, (6) Saxony and Hanover, (7) and Westphalia, Hesse Nassau, and Rhineland.

Up to the end of 1905 the State had acquired in eleven provinces of the monarchy 1,315 estates with an area of 672,682 acres, of which 318,920 acres had been parcelled out into 10,963 properties of the following sizes: 899 under 6¼ acres, 1,986 from 6¼ to 12½ acres, 1,893 from 12½ to 18¾ acres, 1,501 from 18¾ to 25 acres, 3,684 from 25 to 62½ acres, and 1,000 over 62½ acres. The valuation of the whole of the properties in that year was £5,084,300. More than half the land had been acquired and parcelled out in the two provinces of West Prussia and Pomerania. The later conditions which apply to these properties carefully guard against alienation, with a view to the checking of speculation and the fulfilment of the objects of the law. Thus without the consent of the General Commission no property can be even partially sold or disposed of to a relative, even though the widow of the owner.

Here, again, the doctrinaire Radicals object to the rent-fee farms as an infraction of the sacred principle of freedom of trade, because the owner is not permitted to dispose as he will of a property which is not his until he has paid for it outright and which he voluntarily acquires with a full knowledge of the restrictions. Certainly it has proved a disadvantage here, as in the case of the so-called colonisation of the Polish provinces, that public money when invested in land does not seem to go so far as private money, for the State both buys and sells worse than private individuals would either dare or care to do. The

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knowledge that the State is in the market has a wonderfully stimulating effect upon land values, and often estates which have long been a care to their owners acquire values never before suspected directly the Land Commission makes overtures as a possible purchaser.

A scheme of "inner colonisation" on the lines of the settlement of East and West Prussia is also being carried on by land companies in the first of these two provinces and in Pomerania. The main purpose is to settle small farmers and labourers on land hitherto in German hands with a view to strengthening Germanism and keeping out Polish influence. Though the State does not direct, it advances money at low interest to settlement companies, not working for a profit, which buy eligible land and parcel it out into holdings of convenient size. The inventory of an average settler with a holding of 100 acres consisted in 1906 of five horses, two foals, 23 head of cattle, 28 pigs, 40 geese, and 40 hens. He harvested 400 cwts. of rye, 100 cwts. of barley, 150 cwts. of oats, 2,000 cwts. of beets, and 600 cwts. of potatoes. The price of rye ranged from 7s. to 7s. 6d. per cwt., of brewing barley 8s. to 8s. 6d., of oats 7s. 6d. to 8s., and of beets 1s. per cwt. The yield of rye that year was about 8 cwts. per acre.

The agrarians are not unwilling, subject to guarantees, to see the number of small farmers increased, but they are not enthusiastic about the idea of providing labourers with holdings. In the interest of the former they would like the State to extend to the monarchy generally the system of colonisation partially applied in the Polish provinces. They accordingly introduced in 1902 a Bill authorising the Government to set apart £600,000 as a first fund out of which to buy land with a view to creating farms of moderate size. The scheme was to be worked separately in all the provinces by boards formed of Government officials and representatives of the Chambers of Agriculture. It was assumed that the price of the land would average £20 per acre, and that the fund would circulate seven times in twenty-one years, so that during that time some 210,000 acres of land would have been bought and divided into properties. The Government did not favourably receive the proposal and it fell through. There were not wanting critics who, rightly or wrongly, saw in the scheme only an endeavour to establish con-

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venient facilities for enabling encumbered landowners to dispose of their estates to a generous buyer. The proposed constitution of the Settlement Board would certainly have ensured that the small owners to be created would be of a type and character pleasing to the surrounding large landowners.

Nevertheless, the settlement of the labourer on the land is a question which seriously exercises the Prussian Government, and the present Minister of Agriculture has pledged himself to action. "The State," said Herr von Arnim, on February 7, 1907, "has a high interest in having as large a number of sound holdings as possible. By that I do not mean to say that the large estates are not necessary in many districts. Any one who knows Prussian history and the part which the great proprietors have played in the past, and who knows that communal self-government is impossible without the large landowners, who form the bulwark of agricultural progress, and that high technical development in agriculture is almost solely due to them, will be in no doubt on that point. It is, however, indubitable that while in some districts there are too few large estates, in others there are too many. The agriculturists," he proceeded, "must take up this question with all energy, though hitherto I have unfortunately seen little inclination on their part. It is feared that the settlers would go to the neighbouring towns to work, and, eventually, would simply fall on the poor funds. That might be the case under certain circumstances, but not under all. I therefore regard it as short-sighted not to make use of this means—whose systematic application would be more effective than any other—of relieving the scarcity of labour. The foreign supplies of labour, upon which we have hitherto drawn, are no longer in a position to cover our needs, and they will still be less able in the future, while they may fail us at any moment. Let us, therefore, prepare betimes before it is too late."

And again, five days later: "The settlement of agricultural labourers on the land is a work of great socio-political importance, and is a means of bridging the gulf between capitalistic industry and the industrial worker. The experience we have had hitherto with the settlement of agricultural labourers has been extraordinarily satisfactory. Not only settlement companies but private persons have successfully worked in this

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direction. The expense of settlement is, as a rule, heavy, yet when the labourer is helped by his wife and children he is able to raise the high rent which is necessary in order to cover the costs. Let us take care, however, that we do not place the settler in a dependent position. Only when he is a free man will he work willingly."

The main lines upon which the Prussian Government proposes to deal with this question were laid down in an Order issued in January, 1907, by the Ministers of Agriculture and Finance jointly, intended to facilitate the application of the law regarding rent-fee farms to agricultural and industrial labourers. It is hoped that agricultural labourers especially may be settled on the land in large numbers, with a view to alleviating the labour scarcity, and in their case the provisions of the law are to be used to the utmost. The Order sanctioned the reduction of the minimum area of a small holding under the rent-fee farm law of 1891 to about 12½ ares, or a third of an acre. Such labourers' holdings are not to be created in colonies, and so far as industrial labourers are concerned there must be proof that where holdings are desired there exists a prospect of permanent work, so that there may be no fear of the holdings having to change hands. In order that a labourer may have a definite interest in his holding he is to be required either to leave an annual rent or mortgage charge on his land, irredeemable for at least ten years, or to provide surety for the payment of the rent-charge for from ten to fifteen years. Moreover, it is expected that a small holder will pay down from one-tenth to one-eighth of the purchase money.

In general, small holdings can only be created through the Land Banks, by communal unions, by co-operative societies, or the public utility associations, though employers desirous of providing their workpeople with "hearth and land" of their own, and other private persons under suitable conditions, will be allowed to take advantage of the law. As to the dwellings to be built upon these small holdings, it is provided that at least from 85 to 90 per cent. of the land must be unbuilt upon, and that only one-family houses of two stories at the most, together with the necessary farm buildings, may be erected. For the protection of Germanism it is required that in "the nationally-threatened districts" of the East and West of the

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kingdom (*i.e.*, the Polish and Danish enclaves) the owners of holdings shall bind themselves to ensure the retention of the land in German hands, and, under certain circumstances, the State is to be able to exercise a right of re-purchase at a price which is never to exceed 90 per cent. of the market value of the holding.

For the carrying out of this scheme it has been proposed to set apart a portion of fiscal land in every Government district for the creation of labourers' holdings—fifteen to twenty in each district—the purchase price being £275, £75 for land and £200 for buildings, payable in instalments spread over sixty years. The great objection to the creation of such holdings is that they cannot by any possibility do more than keep a family in vegetables and goats' milk, and must be regarded as allotments to be cultivated in spare time. Moreover, the constant complaint of the agricultural labourer is that at present, owing to his endless duties, he has no spare time. Hence the work on his patch of a third of an acre of land will either mean over-exertion, or it will have to fall on his wife and children, and in any case he will need to earn his livelihood as before as a farm worker.

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CHAPTER XIV

THE RURAL LABOUR PROBLEM

Extent of rural migration—The "land-flight" of the labourer and its causes—the effect of machinery in increasing seasonal labour—Conditions of rural life—Housing and wages of the agricultural labourer—Rural migration and poverty: a statistical comparison—Methods of remuneration—Payment in kind, and examples of wages agreements—The spirit of feudalism still perpetuated in North and East Prussia—Baron vom Stein's laws against serfdom—How the effect of the Edict of Emancipation was weakened—The "Servants' Ordinances"—Inability of the agricultural labourer to combine or strike—Breach of contract by agricultural labourers—Modern social legislation has ignored the rural labourer—A Prussian landowner's opinion of lost opportunities—The system of semi-bound labour doomed—Proposed remedies for the "land-flight"—The importation of foreign labour—Absence of organisation in rural districts—The unpopularity of Socialism amongst agricultural labourers.

IN the whole Empire there were in December, 1900, 823,597 foreigners in a population of 56,367,178, representing the proportion of 1·4 per cent., while at the census of 1890 there were 433,254 foreigners in a population of 49,428,000, representing the proportion of only 0·87 per cent. It has been estimated that at least 300,000 migratory foreigners are employed in summer as labourers in the agricultural districts of the country. Prussia alone had in December, 1905, 524,874 resident foreigners, equal to 1·4 per cent. of its total population (36,767,202), and over 300,000 of these foreigners came from Austria, Hungary, and Russia, some 60 per cent. of them being males.* Yet in 1895 Prussia had only 205,818 foreigners and in 1885 156,970. The number has increased during twenty years from 5·5 to 14·1 per 1,000 of the population.

* The census of the United Kingdom in 1901 showed a population of 38,104,975, of whom 198,113, or 0·52 per cent., were foreigners.

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These striking figures point to one of the most serious problems by which agriculture, and particularly the agriculture of Prussia, is confronted, viz., the persistent dearth of native labour and, in recent years, labour of any kind. One of the phrases most commonly on the lips of agricultural writers, and most constantly recurring in the agricultural debates which occupy so large a part of the attention of the Prussian Diet, is "the land-flight (*Landflucht*) of the labourer." Any explanation of the reasons of the remarkable migration from the rural districts which has occurred during the past ten or twelve years brings us face to face with some of the underlying conditions of Prussian agriculture which are at once the misfortune of the country and the despair of the true agricultural reformer.

"We understand by the term 'movement from the country,' or, as it is also called, 'land-flight,'" writes Sohnrey, "not merely the natural movement of population which bears the superfluous surplus of rural strength to the towns, but the unnatural precipitation of that movement, which more and more depopulates the country and overpopulates the towns."

But the movement can only be regarded as an "unnatural" one because the causes which have produced it are also, in part, "unnatural." What we see, in fact, is the wholesale withdrawal from the rural districts of those who have immemorially been the mainstay of agriculture. The townward movement is specially strong in the Polish provinces and the backward North of Prussia, where it amounts to an absolute calamity both for the large proprietors and the farmers who need one or two hands for the most part of the year.

How great is the migration from the Polish provinces in particular will appear from proofs easy to apply. It is required that workmen insured against old age and invalidity shall return their receipt cards to the places where they were first issued, wherever they may be at the time. There is thus a constant exchange of cards between the Central Boards of the Empire. In 1907 the returns of the Board for Posen showed that 65,003 persons more had left the district than had arrived, and in 1906 the excess was 74,101, making 139,104 for two years. In 1906 15,642 more persons went to Berlin than came thence; the excess of removals to the Rhine Province

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was 9,339, and the excess of removals to Westphalia was 8,405. The majority of the migrated Poles had been engaged in agriculture, but had turned to industry; only a small minority had been domestic servants; of those who returned to the province of Posen a large part were elderly persons.

Statistics prepared by the Government of the province of East Prussia, with the aid of the elementary school teachers, showed that during the year 1905–6 over 2,400 families left that province, most of them going to the West of the kingdom, and few going abroad. It was found that almost half the recruits called up from the rural districts did not return to their former agricultural employment.* The migratory spirit would appear to infect girls hardly less than young men. Dr. Binderwald, who investigated the movement of population from the Saal district, found that of 4,575 girls who were born in that district between the years 1884 and 1888 no less than 3,006, or 66 per cent., had in 1904 left agriculture and migrated to the towns, there taking work as factory operatives, domestic servants, sempstresses, laundry workers, saleswomen, &c.†

Further, if the statistics of oversea emigration are examined it is found that a far larger ratio to population falls to the agricultural States and the agricultural provinces of the same States than to the industrial States and districts. Thus the emigrants of German nationality who left Prussia in 1906 were 48 per 100,000 of the population, and in Saxony the ratio was 38 per 100,000, but in Bavaria the ratio was 53, in Baden 52, and in Würtemberg 58. Again, while the ratio of emigrants in the industrial provinces of Prussia was 42 per 100,000 of the population in Westphalia, 26 in Rhineland, and 33 in Hesse-Nassau, it was 107 in agricultural West Prussia, 181 in Posen, and 82 in Schleswig-Holstein.

All sorts of reasons have been advanced by the agricultural party and its spokesmen in the Press for the depopulation of the country districts, on the one hand by unreasoning advocates who see in the action of the labourer only a proof of perversity, and on the other by serious men who recognise that if there is a landowner's side to the question there is as surely a labourer's

* Debate in the Reichstag, February 12, 1907.

† "Sesshaftigkeit und Abwanderung der weiblichen Jugend vom Lande" (Berlin, 1905).

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side as well. As an illustration of the too easy, superficial method of explaining the land-flight of the labourer, the following passage may be quoted from an agrarian organ :—

"An evil spirit stalks through the land, taking the form of disobedience, of resistance, of the emancipation of all the lower instincts. Our youth is specially possessed by this spirit, which is like a devastating pestilence. The symptoms of the malady which has seized hold of our youth point clearly to the proper remedy. We are suffering from a pestilence of education, and it is inoculated in the school, and through the school it poisons the juvenile mind and body. The consequences are seen in the flight from the country, in the fear of physical work, in effeminacy, and in superficiality."

The same frame of mind was reflected by a large Silesian landed proprietor who said at a recent congress of agrarians: "The children learn too much to-day, and the result is that we can no longer get labourers." To many persons it will seem that sentiments like these may go far towards explaining the evil of which their authors complain, yet while a certain significance cannot be withheld from them they fail to do justice to the land-owners' difficulty.

One of the most important factors in the case is the large extent to which the permanent labourer, engaged all the year round, has been replaced by the seasonal labourer, owing to the increasing use of machinery of various kinds—in ploughing, sowing, reaping—so that work which formerly occupied weeks can now, when the time comes round, be done in an equal number of days. The result is that a much smaller number of men is needed during the greater part of the year, and the farmer naturally restricts his supply to the indispensable number required in winter, trusting for the rest to seasonal labour. The displaced settled labourer tried the lot of the seasonal worker for a time, picking up odds and ends of a penurious livelihood in the off-seasons as best he might, until the life became too precarious and he tired of it. The more the use of machinery has increased, in fact, the stronger has become the movement to the towns. Hence it is the largest estates, best able to employ mechanical appliances advantageously, which in the busy seasons of the year suffer most from the land-flight of native labour.

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Herr Evert, writing from the landowners' standpoint, and speaking specially of the East of Prussia, says:—

"In consequence of the unfavourable climate it is impossible to distribute the necessary operations of agriculture in the East so equally throughout the year as in the West. In the short summer, when so much has to be done, the agriculturist requires a comparatively large number of labourers, horses, and other stock, in the short winter fewer. As to his draught horses, he can to some extent remedy matters by the reduction of the forage rations, but he cannot do this in the case of labour. What can he do? Of every undertaker, whether he be a farmer or a manufacturer, it is primarily to be expected that he shall work economically, otherwise he is not in his right place. But the farmer who permanently keeps more labourers than he can employ does not so work. So long as the power-worked thrasher was unknown, weaving for home use and the thrashing-floor afforded the farm labourer ample employment in winter. But in this domain, as in others, technical progress has created social evils. An employer cannot be expected to renounce the advantages of the machine-thrasher in order to keep his labourers in regular employment. Certainly he acts more according to economic principles if he keeps permanently, in yearly contract, only so many labourers as he can fairly employ in winter, and for the rest trusts in summer to seasonal labour. Hence the much-lamented land-flight in the East is by no means due alone to the farm labourer's hope of attaining better or pleasanter conditions of life by migrating to the town; it is also due to a certain extent to the revolution in the conditions of production which compels the farmer to reduce the number of his permanent labourers, in so far as they cannot be employed in winter in forest work, road-making, and other improvements, &c. However disagreeable rural seasonal work may be from the social standpoint, from the economic standpoint it is for the individual farmer to some extent a necessary evil."*

But here the question is not exhausted. The modernising of the methods of cultivation explains why the large estates cannot employ so much labour all the year round as formerly, it also gives a good reason why those labourers who are only offered seasonal employment do not choose to remain on the land, but it

* "Der deutsche Osten," pp. 7, 8.

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does not explain why there is a dearth of labour at all times of the year. And the causes which have produced this larger problem, which is far more serious than that of seasonal scarcity —which can be remedied by the importation of labour from Russia, Austria, and Galicia—may well be summarised in one, viz., the unhappy conditions under which the agricultural labourers are still compelled to live in most parts of the rural North and East. Low wages, poor dwellings, social ostracism, an almost feudal relationship towards his employer, the deprivation of all the civil rights which have been conferred upon the urban working classes—in these signs of his inferiority as a man and a citizen lies the explanation of the agricultural labourer's unwillingness to remain in the country and of his migration to the industrial districts of the West in increasing numbers, insomuch that in the Westphalian coal-mines there are to be found tens of thousands of Poles who have during the past few years abandoned their native provinces in the East. In 1905 no less than 33·7 per cent. of all the miners in the Dortmund district were Poles and East Prussians, though the percentage in 1893 was only 24·9. In Rhineland and Westphalia together there were in 1906 no fewer than 97,000 industrial workpeople who had migrated from the East of Prussia. To use a catch-phrase which has latterly become current, and which fairly describes the problem, "the need of labourers is attributable to the labourers' need." Everything that makes life worth living, that adds dignity to labour, that gives men self-respect and hope, is withheld from the great mass of the labourers who work the large estates of the East Elbe proprietors.

There is no need to accumulate evidence as to the inferiority of housing conditions in rural districts. A prominent agrarian, Baron von Manteuffel, on a recent occasion sought to induce the Government to make the right of agricultural labourers to migrate to the towns dependent on proof that they had healthy homes to go to there. The argument proceeded from the assumption that rural houses are better than urban, which is far from being the case, so far as the large towns are concerned, though the rents of urban dwellings are, of course, very much higher. The publications of the public health department of the Prussian Ministry of Education and Public Worship speak of unhealthy rural dwellings in most parts of the monarchy—of

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insufficient space, dilapidated buildings, of darkness, damp, and decay, of unwholesome drainage and water supply, and living-rooms and pigstyes in immediate conjunction. One of the strongest reasons for this state of things is undoubtedly the fact that the dwelling is frequently part of the labourer's wages.

As to wages, throughout the whole of the second half of last century these gradually increased. A writer in the "Preussische Jahrbücher" recently published the following comparative returns of the yearly wages which were paid between 1853 and 1893 on an estate in the neighbourhood of a large Rhenish town, food and lodging being given additional:—

	1853.	1863.	1873.	1883.	1893.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
First hind ...	6 5 0	9 6 0	15 6 0	15 6 0	18 6 0
Third hind ...	4 7 0	5 8 0	9 0 0	9 3 0	10 10 0
Labourer ...	5 5 0	6 18 0	7 10 0	8 0 0	15 0 0
First maid ...	2 19 0	3 18 0	6 10 0	7 10 0	9 3 0

It should be borne in mind, however, that these rates refer to one of the most progressive parts of Prussia, where large estates are rare. During the past decade there has been further steady improvement, yet the rate of progress is not believed to have kept pace with the higher cost of living, and it is quite certain that it has not sensibly improved the labourer's material position or broadened his social outlook.

That it is largely poverty which drives the labourers from the country to the towns is a fact which has never been seriously contested, and a study of the Prussian Government's returns of internal migration in conjunction with those of incomes of persons liable to State income tax points to conclusions the significance of which cannot be gainsaid. It is true that only incomes exceeding £45 per annum are included in the latter returns (since incomes below that figure are exempted from taxation), so that the proportion of the entire population covered is little more than a third, but as these incomes are family incomes and include not only money wages, but all payments in kind—house, land, wheat, seed, potatoes, flax, &c.—it follows that a very considerable number of agricultural labourers will be scheduled. The broad result of such a comparison between

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wealth and movement of population is that districts with the highest proportion of taxable incomes have the largest amount of immigration, and conversely that where the taxable portion of the population is smallest there is most migration, so that in some of the poorer districts rapid depletion is taking place.

The difference between West and East is very striking. On the average of the years 1899 to 1903 163 per thousand of the population of the Düsseldorf Government district were assessed to State income tax as having incomes exceeding £45, and during the years 1895 to 1900 the excess of immigration over migration outwards was 8·0 per cent. The corresponding figures for Cologne were 127 per 1,000 and + 4·4 per cent.; for Hanover 120 per 1,000 and + 2·5 per cent.; and for Münster 115 per 1,000 and + 7·7 per cent. On the other hand, all the 24 Government districts (out of a total of 37) with less than 100 inhabitants per 1,000 of the population liable to income tax showed an excess of migration over immigration, and nearly all these were districts in the East or North-East of the kingdom. Of the latter the most notable instances were the following:—

Government District.	No. of Inhabitants per 1,000 liable to Income Tax.	Decrease of Population owing to Migration, 1895-1900.
		Per cent.
Allenstein	36·8	11·4
Marienwerder	43·5	7·3
Posen	44·4	7·9
Gumbinnen	45·3	6·9
Bromberg	49·2	5·4
Köslin	49·3	6·4
Aurich	84·5	3·2

The correspondence is so general as to establish the rule that relative poverty implies a relatively high degree of migration.

The same result is arrived at when we compare the migration of the population in relation to the official standard rate of day wages, *i.e.*, the "customary day wages of the locality," as fixed under the Insurance Laws by the higher administrative authorities in conjunction with the communal authorities. These rates are

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as a rule somewhat below the wages actually paid, yet they afford a valuable standard of comparison between the different parts of a country or a province. Here, again, it is found that where the rate of day wages is highest there is as a rule more immigration than migration and *vice versâ*. How the rule works is shown by the following table :—

Government District.	Average Day Wages of Adults, 1901.	Increase or Decrease of Population owing to Migration.	
	Marks.	1895-1900.	1900-1905.
(a) *West.*		Per cent.	Per cent.
Düsseldorf	1·99	+ 8·0	+ 4·1
Arnsberg	1·97	+ 9·0	+ 1·2
Münster	1·81	+ 7·7	+ 5·6
Cologne	1·71	+ 4·4	+ 3·1
(b) *East.*			
Gumbinnen	1·04	− 6·9	− 5·0
Allenstein	1·09	− 11·4	− 5·3
Posen	1·16	− 7·9	− 4·6
Marienwerder	1·23	− 7·3	− 5·7
Bromberg	1·26	− 5·4	− 5·3

The "Jahrbücher für Nationalökonomie und Statistik" published an analysis of returns of agricultural wages (money only, without payment in kind) collected in 1905 by administrative authorities in all parts of the Empire. The wages were found to fall into five groups :—

1st Group	£15 to £21 per annum
2nd Group	£21 to £27 ,,
3rd Group	£27 to £33 ,,
4th Group	£33 to £39 ,,
5th Group	£39 to £45 ,,

It was found that wages of the first class were paid in 31·13 per cent. of the area covered by the returns, wages of the second class in 41·81 per cent., wages of the third class in 24·43 per cent., wages of the fourth class in 2·49 per cent., and wages of the fifth class in 0·14 per cent.; so that wages of between £15 and £27 (roughly from 6s. to 10s. per week) were paid in nearly three-quarters of the entire area covered by the returns. The lowest rates fell to the agricultural provinces of Prussia and Bavaria, and especially to East and West Prussia, Posen,

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Silesia, the Upper Palatinate, and Upper and Middle Franconia. The lowest rates of wages were not paid at all in the Prussian provinces of Saxony, Hesse-Nassau, Schleswig-Holstein, and Rhineland, where there is either industry or progressive agriculture, nor yet in the Kingdoms of Saxony and Würtemberg.

The highest rates were paid in certain districts of Brandenburg, Schleswig-Holstein, Hanover, Westphalia, Rhineland (Prussia), in Upper Bavaria, the Kingdom of Saxony, Würtemberg, and Hesse. It was also found that the wages were higher in districts in which estates of medium size predominated than in those in which large and small estates predominated.

As between the various parts of Prussia there is considerable difference in the level of wages. While the highest rates are paid in the West, in the neighbourhood of the industrial districts and in the home of small farming, wages are lowest in the North and East, between which there is little to choose, although the labourers are of different race, those of the East being for the most part Poles, while those in the North are of the patient, stolid, much-enduring Low German stock.

The "Reformblatt für Arbeiterversicherung" published in 1907 the following analysis of money wages paid to adult agricultural and forest labourers in various administrative circles of the province of East Prussia:—

Males.		Females.	
No. of Circles.	Yearly Money Wages.	No. of Circles.	Yearly Money Wages.
	£ s. d.		£ s. d.
14	18 0 0	1	10 0 0
1	18 15 0	11	10 10 0
5	19 10 0	1	11 5 0
5	20 0 0	10	12 0 0
1	20 10 0	2	12 10 0
1	21 0 0	1	13 0 0
1	22 0 0	4	13 10 0
4	22 10 0	4	15 0 0
2	25 0 0	1	16 0 0
1	22 10 0		

In all the cases given above payment in kind was supplementary to the money wages, and the labourer's actual position

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can only be understood when the full terms of his contract of service are considered. Generally a small cottage, worth at the local value 1s. or 1s. 6d. per week, is part of the wages, and frequently a plot of land for potatoes, a certain quantity of food corn, bread, or vegetables, with wood or turf for fuel, and sometimes pasturage for a goat, a sheep, or even a cow are added.

The value of these various payments in kind ("*Naturalien*"), differs in every individual case. The *Deutsche Zeitung* (the organ of the Agrarian League) recently published the following as the wages and perquisites of the average Pomeranian labourer: Money wages, £11 10s. per annum with a bonus (conditionally) of £1 10s.; a dwelling-house, 28 cwts. of corn, 50 cwts. of potatoes, about 3 quarts of skimmed milk daily, and 40 cwts. of briquettes. The total annual value would in normal times be as follows: Money, £13; rent (at 1s. 6d. weekly), £3 18s.; corn (at 7s. per cwt. wholesale), £9 16s.; potatoes (at 2s. per cwt. wholesale), £5; milk (1,095 quarts at 1d.), £4 11s. 3d.; briquettes (at 1s. per cwt.), £2; total, £38 5s. 3d.; equal to 14s. 8d. per week. This must be regarded as an outside estimate, however, and cannot be taken as representative of Prussian estates generally.

A glance at specimen contracts of service customary in the East will give the best idea of the value of the labourer's services and of the sort of life he leads.

The basis of the organisation of agricultural labour which still continues in that part of Germany is the *Instmann*, who is a sort of master labourer. He engages himself by the year to the lord of the manor, and is paid partly in money and partly in kind. As a rule his wife and children render service either regularly or at special seasons, and frequently he has labourers under him. These men he engages on his own terms, and for their board and lodging he is responsible, while the landlord pays him for their labour according to a fixed rate which is set down in his own contract of service.

A wages contract relating to the province of East Prussia, and concluded in 1906, runs as follows:—

"The labourer receives free dwelling, 6 cubic metres of wood for fuel, half an [English] acre of land for potatoes, forage for two or three goats, and straw. He receives per day from October 1 to April 1, 1 mark (1s.), and from April 1 until mowing

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time, 1 mark 25 pfennige (1s. 3d.), and from then to October 1, 1 mark 50 pfennige (1s. 6d.). His wife receives 50 pfennige (6d.) per day all the year round. For thrashing with the flail the labourer receives the 14th bushel."

The wages, both in money and kind, of this labourer, who had six children, may probably be estimated at £24 per annum; the money wages alone (306 days—152 at 1s., 75 at 1s. 3d., and 79 at 1s. 6d.), work out to 7s. per week.

The following is another contract relating likewise to East Prussia (the money is here converted into the nearest English equivalents):—

"The working day is 14 hours, with intervals of 3 hours fixed by the factor.

"(1) Except at harvest time the daily rates of wages are:—

	s.	d.
Men who can mow, from April 1 to the end of the potato harvest	1	2½
Ditto, after the potato harvest	1	1¼
Young men over 18 years who can manage horses and oxen	1	0
Women and girls over 18 years	1	0
Young men and girls under 18 years ...	0	9½
"(2) During the corn harvest (4 to 6 weeks)—		
Men	1	6
Women and young men and girls over 18 years	1	2¼
Young men and girls under 18 years ...	1	0

"(3) For overtime men receive 1¾d. per hour, and all other labourers 1¼d.

"(4) Payments in kind additional—Dwelling-house consisting of bedroom with straw sack and cover, and a common kitchen, and for every labourer weekly 3½ litres (3 quarts) of skimmed milk, 22 lb. of potatoes, 8¾ lb. of bread, 1 lb. 11 ounces of flour, 17 ounces of peas, 17 ounces of rice, 17 ounces of meat (or 7¼d.), 17 ounces of fat (or 6d.), and 9 ounces of salt."

The aggregate money value would here be about £31 10s.

In the following recent contract, which relates to the province of West Prussia, the *Instmann* is specially mentioned:—

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"The *Instmann* is required to work from April 1 to October 1 from sunrise to sunset, and during the rest of the year from light to dark. His wife is required to work from April 1 to the end of the harvest every afternoon for 3d. per day, and must be ready at any other time to engage in house work from early morning at 6d. per day.

"During harvest the labourer is expected to work on Sundays and holidays when required.

"The wages of the *Instmann* are :—

"Free house, 90 square roods of garden land, and 135 square roods of potato land in the field.

"Food for every 30 work days as follows : 88 lb. rye, 24 lb. peas, and 19 lb. barley.

"Five cords of turf or 35 cwts. of coal, and 2 cubic metres of wood for fuel, subject to a payment of 1s. 6d. per 5 cords of turf or 7 cwts. of coal for getting the same.

"In money wages—From Martinmas until April 1, 3½d. per day; from April 1 to June 1, 4¾d.; from June 1 to September 1, 6d.; and September 1 to Martinmas, 3½d.

"The ploughman receives from Martinmas to April 3½d.; from April 1 to September 1, 4¾d.; and from September 1 to Martinmas, 3½d."

In this case the *Instmann* had to pay 3s. for pasturage for a cow, 1s. for a pig, and 6d. each for young pigs, also 6 young pullets yearly by way of heriot. His money wages were about £6 per annum, but so small a payment is exceptional.

Some wages contracts provide for the labourer living in his own dwelling and finding his own food. The following is an example (the values are converted) :—

"The employer or his agent determines which work shall be performed on piece or time rates. The rates of pay are as follows :—(1) Day wages with full board and lodging—For the husband 1s. 1¼d., and at harvest 1s. 3½d.; for the wife 10d. and 1s. respectively. Day wages, without board and lodging—For the man 1s. 7¼d. and for the wife 1s. 1¼d. In addition 25 lb. of potatoes are given per head weekly and 1¾ pints of skimmed milk daily. The employer fixes the time for beginning and ending work. In every case 35s. shall be deducted from the wages and shall only be returned on the determination of service. In the event of discharge

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owing to unpunctuality, insubordination, drunkenness, or other irregular conduct this money shall be withheld."

The following contract was communicated by a Pomeranian landowner to a Berlin newspaper in January, 1907, in refutation of certain criticisms which had been passed upon labour conditions on his estate :—

" Money wages for the labourer of £11 10s. per annum, also 6d. for every cartload of corn led to town.

" Wages of two children, 14 and 16 years respectively, 6d. and 7½d. per day, and of an older youth 1s.

" Free dwelling, consisting of one living room, one bedroom, and a small kitchen, a loft and a garden.

" Stabling for two pigs, two goats, and ten hens.

" One Magdeburg acre or 60 square roods of potatoes.

" 28 cwts. of wheat, rye, &c., and grazing and hay for two goats.

" 5¼ pints of milk per day.

" Free cartage of fuel, and 40 cwts. of briquettes.

" Free medical attendance and medicine for the labourer and his family.

" Work begins at 4 a.m. with the feeding of the horses."

It will be safe to place the money value of the wages and allowances of the man alone at £36 per annum, or 14s. weekly.

Finally an agreement relating to the Kingdom of Saxony and concluded in 1906 may be quoted :—

" Hours of work, 5 a.m. till 7 p.m. Half an hour allowed for breakfast and afternoon vesper and a hour at noon.

" The wages are as follows—Men, 10¾d. per day when not on piecework ; women and youths, 9½d. per day when not on piecework ; overtime, 2d. and 1¼d. respectively per hour.

" Rations—For men, 11 lb. of bread per week, women and youths, 8·8 lb., with 3 quarts of skimmed milk, 1·10 lb. of fat, 1·10 lb. of meat or 6d., 27½ lb. potatoes, 1·10 lb. rice or lentils, 1·10 lb. peas, 1·10 lb. barley, ½ lb. flour, ½ lb. salt. These rations may not be sold or given away, and anything left over belongs to the employer ; every infraction of this condition is punishable with a fine of 2s. On demand the labourers must at all times work by piece, and then they must pay 4¾d. per day for food.

" The following time is allowed to women for preparing meals —Forenoon from 10 to 12 and afternoon from 6 to 7.

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"The labourers further have free lodging, with a straw pallet and a coverlet for each person, and free fuel. The dormitories are divided for the sexes. Every labourer has to deposit 30s. as security, this being deducted from his wages at the rate of 3s. or 4s. weekly.

"Sickness premiums and taxes must be altogether paid by the labourers and are deducted from their wages. Whenever necessary the labourer must work on Sundays."

On the larger manorial estates it is usual to stipulate in the labourer's wages agreement for the services of his wife as required, and also of all children of working age, for the whole family is expected to be at the call of the employer at any time. On these estates it is no uncommon thing for the schools to be closed at given seasons, so that all children over ten years may be turned into the woods to plant trees or destroy insects, into the fields to weed, glean, or pull beets, or to do other land work. When the task is over the school reassembles and all goes on comfortably as before. The teachers do not like these uncertain interruptions, nor yet do the school inspectors, but they are helpless.

It would be possible to multiply illustrations of agricultural labour contracts indefinitely, but those quoted are representative. On the whole a fair estimate of a labourer's pay will be from £25 to £40 in money and in kind.*

Yet even low wages would not have driven the labourer from the land had not his legal position been such as to make it difficult, and often impossible, to assert any claim to improved conditions of life. With the domestic servant the agricultural labourer in most parts of Germany is in the unique position of being legally disqualified from combining for economic ends. The law of Prussia will serve as an illustration of this disability. In order to understand the position of the agricultural labourer in Prussia it is necessary to go back to the emancipation of the serfs at the beginning of the nineteenth century. Convinced by

* A Clerical deputy said in the Reichstag on February 8, 1907: "The wages of agricultural labourers in Upper Silesia are high enough. A labourer with £30 10s. (under 14s. per week) in Upper Silesia is as well off as a Berlin workman with £60 or £70." A Conservative landowner from Pomerania added: "The agricultural labourer earns with us from 2s. to 3s. a day in summer, and has a piece of land and a good healthy dwelling." Taking the whole year together, however, it is questionable whether the daily rate would exceed 1s. 6d., equal to £22 10s. per annum for three hundred days' work.

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his Ministers Baron vom Stein, von Schön, and others of the necessity of abolishing feudalism, King Frederick William III., on October 9, 1807, issued his famous Edict which, in addition to decreeing freedom of occupation both for burghers and peasants, and permitting both to acquire and hold property without condition, released the cultivators of the soil in particular from their dependent position by the following clauses (10-12):—

"After the date of this Edict no subject-relationship shall exist further, whether by birth or marriage, by the assumption of a subject position, or by contract. . . . With Martinmas Day of 1810 all serfage in our States ceases. After that day there shall exist only free men."

But the large manorial proprietors viewed with apprehension the prospect of their labourers being free to go and do as they wished, and they besought the King to sanction the issue of a code of regulations for servants, or "Servants' Ordinance" (*Gesindeordnung*), by which the liberty of the labourer would be restricted and he would still, for practical purposes, be bound to the soil. In spite of the opposition of Minister vom Stein, the King agreed, and several days before the emancipatory edict of 1807 came into operation in November, 1810, the "Servants' Ordinance for all the provinces of the Prussian Monarchy of November 8, 1810," was promulgated. The object of this "Ordinance" was said to be the removal of uncertainty on the subject of rights and duties as between employers and servants, and it superseded most of the existing provincial "Ordinances" of the kind. But it did more. The old "Ordinances" were intended to apply to domestic servants. The new and uniform "Ordinance," by the mere introduction of a phrase, drew into its net the entire class of agricultural servants living with their masters. Other "Ordinances" have been issued since for provinces and districts of the monarchy, but the "Ordinance" of 1810 still applies to the provinces of the East and portions of the North and West. The oldest of the "Ordinances" still operative in Prussia is one dating from 1732 and applying to the Duchy of Lauenburg.

The Prussian "Servants' Ordinance" of 1810 applies, therefore, not only to domestic servants but in general to all labourers who do not come under the general law of association—like the industrial workpeople—provided their relation to their employers

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is a permanent one and that they live in some way in the latter's households. Its effect is that such labourers are bound to render obedience to a degree which differs but little from unrestricted compulsion; the right to cancel a contract of service is limited to such an extent that it can hardly be said to exist at all; in addition they are expressly forbidden by law of April 24, 1854, to strike collectively under any circumstances whatever on pain of imprisonment; so that, in effect, though the name of serfage is no longer used, this condition exists in spirit and almost in fact.

Although reference is made to Prussia particularly, most of the German States have their "Servants' Ordinances," and on the score of humane and equal treatment there is little to choose between them, save where, as in the case of Saxony,* their antiquated provisions have been amended. Not without justification Professor Lohmar has said that "subject to this partial and paralysing law the agricultural labourer lives under a system of unrelieved absolutism."

The Prussian "Servants' Ordinance" has a fit complement in a law of 1854, applying only to agricultural labourers and domestic servants, punishing breach of contract. Section 1 of this law says:—

"Servants (*Gesinde*) who are guilty of obstinate disobedience or contumacy against the orders of their employers or persons having oversight of them, or who without legal ground refuse or leave service are, on the application of the employers, yet without prejudice to their right to dismiss or retain them, liable to a fine not exceeding 5 thalers (15s.) or imprisonment up to three days."

Such a provision is foreign to the general spirit of German penal legislation. No other class of citizens is exposed to positive penalties for breach of contract; the only redress is a claim for injury sustained. This is, for example, the only satisfaction at the command of an industrial employer whose workpeople leave work without notice, as often happens in the

* A modernised Servants' Ordinance was promulgated for the Kingdom of Saxony in 1892, and it was amended in 1898. It is noteworthy that when the Imperial Civil Code was issued it expressly stipulated that all existing "Servants' Ordinances" were unaffected, and particularly "the liability to compensation of persons who induced servants to leave service illegally or who engaged servants knowing that they were already in service."

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case of a strike, and the trouble and expense involved are so serious and the result so uncertain and so unsatisfactory that the law is seldom set in motion. Very different is the position of workers in agricultural and domestic service. Here the law is not merely stringent in itself, but it is often arbitrarily and harshly enforced.

In a recent report upon breach of contract amongst agricultural labourers in Mecklenburg Professor Ehrenberg states that amongst the reasons for this form of illegality are the isolated position of the large estates and excessive work, but he adds: "Finally the farmers themselves often provide, directly and indirectly, the occasion of breach of contract." There is, no doubt, breach of contract on both sides, but on the whole the labourer has the worst of it. An employer is able to get rid of inconvenient labourers with the briefest possible notice, or none at all, and when told to go a labourer often has to quit his dwelling in a day or two, to leave his crop of potatoes standing, to forfeit rations due, and possibly to lose the "caution money" which the landlord has retained from his wages, and which generally amounts to from a fortnight's to a month's pay. Theoretically, servants who abruptly leave their employers' service may no longer be taken back by force, but the practice is nevertheless resorted to. But while the employer can dismiss his servants on a multitude of pretexts, the servant has only a few grounds of objection against his employer, and he is rarely successful in finding a court which will pronounce any of them sufficient to justify the breaking of his contract, for the local courts of jurymen naturally take the side of the landowners.*

* Thus the newspapers recently reported the following case: "A labourer engaged on an estate in an East Prussian village was employed on a contract which freed him from Sunday work. Being required to perform such work he declined and was dismissed on the spot, was ordered to quit his dwelling, and, on the initiative of the landowner, was called on by the local judge of first instance to pay a fine of 3s. for 'disobedience.' Before paying this fine he called for the decision of the court, and the court of jurymen now fined him 10s., with the costs of proceedings. On appeal to a higher court he obtained the reversal of the previous judgments." Again, a young labourer of nineteen years left his employment because the farmer had violently beaten him. He returned to his home, which was not far distant, and the following day received from the local magistrate a summons to return to work, failing which he would be fined 10s. or be imprisoned for three days, "according to Section 1 of the law of April 24, 1854." As he could not pay and would not return to work he was at once arrested. All this was done without any judicial investigation of the merits of the case.

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Equally disastrous in its effect upon the rural labour question is the fact that for the better part of a century ameliorative legislation has virtually disregarded the agricultural worker. There is profound truth in the words of H. Sohnrey: "When the new commercial treaties were about to be concluded the farmer said, 'Let us only have corn duties high enough and we shall be able to pay our labourers higher wages and so to compete with the wages of industry.' That would be pertinent if the rural labour question were merely a question of wages. But it is as little a wages question exclusively as it is a housing question exclusively. That is proved by the fact that the complaints of a scarcity of agricultural labour were never louder than now, when the corn-growers have more favourable duties and wages have correspondingly increased. Nor is there in general any question of a lack of dwellings, though it is the popular idea that this is the cause of the 'land-flight.' Both the wages and housing questions are only elements of the great labour question, which is nothing less than a national question of civilisation, whose roots go back more than a century—a question in which a multitude of the most various problems of our time, economic, intellectual, and more especially military, meet."

The ameliorative laws which freed the peasantry from serfage at the beginning of the nineteenth century gave a new stimulus to agriculture, but with those laws—nullified, as we have seen, in the case of the labourer—solicitude for the rural population seems to have been exhausted. For a time all went well. It is a fact, indeed, that for a full half-century the population of the rural districts increased more rapidly than that of the urban districts, and it was still possible to speak of Germany as an agricultural State.

Then came the rise of industry, the growth of the towns, and the organisation on a great scale of urban labour, which daringly began to talk of rights and to make its demands heard in the legislatures of the land. It is a fact, too often strangely ignored by those who profess surprise at the magnitude of Germany's rural question, that nearly all the social legislation of the past forty years has been legislation on behalf of the industrial classes.

The great Labour Code of 1869 and the amendments

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passed since do not mention the agricultural labourer. The factory and workshop inspection regulations do not touch him. Even the industrial insurance laws have only slowly, and still incompletely, recognised any claim on the part of the rural workers to the beneficent provision against sickness, accident, and invalidity which the town workers have enjoyed for over twenty years.

Even now the majority of agricultural and forest labourers enjoy no sickness insurance, and have only the Poor Law or the uncertain hand of charity to fall back upon in time of temporary need.

Not only so, but, as we have seen, the right of combination, which the industrial workpeople have in limited form enjoyed thoughout the Empire for some forty years, is absolutely withheld from the agricultural labourer.* The only weapon of defence which he possesses in common with workpeople generally is the right of free migration, secured for the first time under the constitution of the North German Confederation. If, resenting the State's disregard of him, he decided to use this right and wandered off to the towns, there to join the ranks of the urban workers, for whom the State did care, and to claim the benefit of the remedial measures passed in their behalf, who could blame him?

"To the labourers of the village," writes Sohnrey, "nothing remains of the land to-day but the bare road; can it be wondered at that they should use this road, made so wide and commodious by the enclosure of common lands, in order to get away from the country as quickly as possible?"

Not long ago a far-seeing Prussian landowner wrote: "If twenty-five years ago we had given our agricultural labourers half the increase of wages which we are giving them now, we should to-day have had better and cheaper labour in abundance." That may be true or not: it is certainly probable that if the ameliorative legislation which is now slowly becoming recognised as the right of the agricultural labourer, and as the simple duty of

* In 1866 a Bill was introduced in the Prussian Diet which was intended to give the right of coalition to agricultural labourers. The *exposé des motifs* said, "If the prohibitions of coalition relating to industrial workpeople are repealed these relating to agricultural labourers must be repealed likewise, and that not from general reasons of expediency but for legal reasons." The answer was a *non sequitur*, and that answer has not yet been reversed.

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society towards him, had been passed when the State awakened to the necessity of legislating for the new conditions of industry in 1881, the rural problem, while it might not have been entirely staved off, would not have taken its present acute form. The great mistake of the large landowner and the small farmer alike has been in their neglect to attach to themselves a faithful race of labourers while they had the chance, before the tradition of attachment had been destroyed and the old ties became strained to breaking point.

Infinite mischief has also been done by the wholesale enclosure of common lands and by the abolition in many districts of the old custom of paying the labourer partly in money and partly in kind—in corn and fuel, in land for potatoes, flax, and linseed, in pasture and forage for cattle, sheep, and goats. The custom had its disadvantages, yet it was a human tie between the two, and where a reasonable spirit was shown on the employer's side and the money payment was not too grudgingly curtailed it produced a good relationship, giving to the labourer a direct interest in the estate and that subtle feeling of independence and dignity which a man's cultivation of the soil for his own sake seems always and everywhere to create.

It would be wrong, however, to group all landowners and farmers together indiscriminately. Very many are deeply concerned for the welfare of their labourers, and such men have their reward in a loyalty and attachment which descend from father to son. Even where conditions of life are found at their worst it is in general less a question of deliberate want of consideration than of obsolete views of the relationship between master and servant, views which are the direct result of the old feudal system, which lives in spirit where the letter has been killed. It is significant of a new spirit abroad that the Chamber of Agriculture of the Province of Silesia should have stated in a recent report on the subject: "The ultimate reason of the wholesale migration from the East must be sought in the psychical and ethical factors which have created the modern social question. A longing for greater independence is passing through the masses—an endeavour after higher social position and respect for their personality. The ideals of liberty and human worth which were formerly confined to the middle classes have during the century penetrated to the lowest strata of the population. The one great

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means of remedying the present need lies in the hands of the rural employers themselves—an improvement in the personal treatment of the labourers and in the material conditions of their work."

In the same sense a Saxon writer on the question said recently:—"Secure to the rural labourer—as you may by sincere and by no means exhausting efforts for his welfare—the hope of better times; give him a home worthy of human beings; help him and his family more in sickness: afford him more thorough protection to life and health while at work; and above all things free him from the oppressing consciousness that he is only a second-rate workman without the rights of the industrial workman. The need of labourers will disappear in the measure that employers show appreciation for the labourers' needs—not merely their material needs, but the social needs which press them down perhaps even more heavily."*

In many districts serious attempts are being made to make the rural labourer feel more at home on the land, and a large amount of genuine philanthropy has been called forth by this new awakening to his needs and aspirations.† Thus the German Association for Rural Welfare and Home Culture is endeavouring to check migration by improving the conditions of rural life and making the country a more tolerable abode than it is for the labourer and his family.

It is, after all, individual effort which alone will solve the rural question in so far as its difficulties are the result of unfavourable conditions of life and incompatible relationships between master and man; and while there are many conspicuous exceptions the country party as a whole refuse to read the signs of the times and persist in clinging to the outlived theories of social subjection which are responsible for their present troubles. Instead of endeavouring to induce the labourer to remain on the land voluntarily, by making his service more tolerable, he is to be forcibly prevented, by all sorts of checks and hindrances, from migrating to districts where wages are higher and work more attractive. The argument by which this policy is justified is that the labourer belongs to the landlord, as much now as in the

* Hermann Köhler, "Landwirthschaft und Sozialdemokratie."

† One reads with admiration of an East Prussian lady of the manor who has begun the experiment of taking the labourers on her estate periodically to the theatre and other amusements in the nearest town.

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days of serfage, for the money by which he is fed and brought up to manhood has come out of the same pocket which fed and brought up the bound serf of old. Count Kanitz candidly avowed this standpoint when attacking the industrialists in the Prussian Diet in May, 1907, for robbing the land of its rightful cultivators. "Every adult labourer," he said, "represents a considerable capital which we have laid out, yet when the 'people' (*Leute*) are grown up they offer their labour to industry, which thus reaps where it has not sown." "Quite true!" was the cry which in chorus greeted this typical example of agrarian reasoning from the adjacent benches.

Several years ago a complete programme of measures in the interest of agriculture was introduced in the Prussian Diet and commended to the Government by the combined votes of the Conservative fractions. One of these measures was the regulation of employment agencies with a view to curtailing their activity in rural districts. Not only were employment agents to be required to obtain a "concession" from a public authority before beginning business, but the grant of permission was to be made dependent upon the proved existence of a need for such agents. In practice, the employment agent was to be forbidden to offer work to agricultural labourers, whether they desired a change of employer or employment or not. Another measure was the sharpening of the law regarding breach of contract, so as to make it more difficult for discontented agricultural labourers and servants to leave their employment even under the special circumstances which legally justify an immediate dissolution of the contract of service. The teaching in rural schools was everywhere to be adapted, as to hours and seasons, to the local needs of agriculture. State undertakings were to be required to free as many workpeople as possible at harvest-time, so that the corn and beet grower and the general body of farmers might have a greater reserve of temporary labour to draw upon at need. The prisoners in houses of correction were to be made available to a far larger extent than hitherto for improvement works in the country. Where rural offenders of certain classes were liable to imprisonment, their detention was to take place at a time when agriculture could best dispense with their labour. Further, the issue of workmen's tickets on the State and private railways was to be restricted, with a view to diminishing the agricultural labourer's

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choice of occupation. Young people under eighteen years of age were to be forbidden to leave home for other districts without the express permission of their parents or guardians.* Another demand was that in harvest-time soldiers should be placed at the disposal of landowners and farmers. Finally, recruits and reservists were to be called up at slack seasons of the year, and time-served men who had been taken from rural districts were to be given railway tickets to their former homes and nowhere else.

The Conservatives secured the adoption by the Diet of this characteristic programme by a large majority; some of the remedies proposed have already been applied by the Government, though most of them still afford the Junkers material for periodical debates in the Prussian Houses of Parliament. Thus the Industrial Code has been amended so as to make the vocation of employment agents subject to "concession," while various conditions are imposed as to how they shall carry on their business. Further, the use of soldiers who are sent from the garrisons in the agricultural provinces to perform farm work at harvest-time increases every year; for example, in the summer of 1907 no fewer than 7,000 men of the First Army Corps (about a third of the whole) were engaged on the large farms of East Prussia as harvesters. The practice began with the large landowners who had friends at court; but now the peasant farmers press for help and receive it. The same thing prevails in the South.†

There are even found agrarians who contend that the period of military service should be reduced from two years to one year, with a view to releasing labour for rural use. Necessity, indeed, suggests to the perplexed agriculturists many ingenious devices. The Westphalian and West Prussian Chambers of Agriculture

* How attractive appears to be the idea of repealing or restricting the right of migration may be judged by the fact that at the Evangelical Social Congress held at Hanover in May, 1907, Professor Harnack, the President, said: "What is good for the West may not be applicable to the East. Even the question of free migration in relation to rural districts is not a question that can be easily settled." The Evangelical Social Congress is not, of course, in any way representative of the agrarian classes.

† The following appeared in the newspapers during the summer of 1907: "The Deputy for Metz has requested the Commanding General of the 16th Army Corps that the military may be allowed to go to the aid of agriculture during harvest. The General has replied that he has instructed all commanders of regiments, that so far as the interests of the service permit, all likely men, to the number of about 40 per battalion, shall be placed at the disposal of the farmers."

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have formally petitioned the Government to permit the importation of Chinese labourers, the organ of the Agrarian League has defended the proposal, and a prominent Conservative in the Prussian Lower House has declared that the agrarians will not rest until sanction has been granted. When in 1906 a stream of labourers of German nationality set in from Russia, the East Prussian manorial proprietors urged the Government to take summary steps to retain this supply of labour in their corner of the monarchy. It was simply to issue a decree that when any labourer crossed the frontier into Germany his passport should be taken from him and in its place he should be given a "labour ticket" directing him to an agricultural employer, whose service he should be required to enter on pain of deportation. Like many other original suggestions which have emanated from the same quarter, the idea was politely received but disregarded.

Above all the agrarians agitate for a severer law on the subject of breach of contract. Here two irreconcilable tendencies of political thought show themselves in Prussia. On the one hand the Liberal parties wish to repeal the existing law of contract as between agricultural employers and employees and to regulate the question according to the Civil Code, making breach of contract a matter of civil process. On the other hand the agrarians ask that the existing money penalty shall be converted into imprisonment without the option of a fine, and that heavy penalties shall apply to employers who take into their service labourers who have broken their contracts of service, to employment agents through whose instrumentality their re-engagement may have been effected, and to labourers who may be proved to have encouraged their fellows to the commission of illegal acts. The law of Mecklenburg already covers all these points.

Meanwhile, the labour difficulty is palliated by the importation of seasonal labourers. Throughout the whole of the East and the North of Prussia, and to a less degree in other parts of the kingdom and of Germany generally, foreign labour is systematically employed from spring to autumn, and the large estates rely almost wholly upon this supply. The majority of the foreigners used to be Russians, but a large number now come from Galicia. Several of the Prussian Chambers of Agriculture have employment agencies on the Russian and

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Austrian frontiers, from which a constant stream of labourers, each supplied with passport and railway ticket, is from early spring onward passed on to various destinations in the East and North. Some of these agencies engage many thousands of labourers in the course of a season; the migration continues until the harvest, and that over the return begins, for the foreigners are not allowed to remain permanently in the country.*

The wages paid to these imported labourers are low, but as food and lodging (both of a very simple kind) are generally included, the men are able to take a few pounds home at the end of the season. The rates offered by the Brandenburg Chamber of Agriculture to labourers from Galicia are for men 1s. per day from June 1st to September 1st, and 10¾d. during the remainder of the year, so far as they are employed, and for women, girls, and youths, 9½d. and 8½d. respectively, with rations of bread, skimmed milk, potatoes, dripping, peas, rice, and salt. Money is not given instead of this food; no portion of the food may be sold, and if any is not consumed it must be returned to the employer. The labourers are housed in a bothy, each having a straw mattress and a rug.

The wages offered in 1907 to Russian labourers in East Prussia were: Men who can mow, 1s. 9½d. per day, with 2s. 3½d. per day during six weeks of harvest; men and strong youths unable to mow, 1s. 6d. per day, with 2s. during the harvest; women, girls, and youths of inferior capacity, 1s. 3½d. per day, with 1s. 9½d. during harvest; with in every case weekly rations of 27½ lb. of potatoes, a little wheat-meal, and three pints of skimmed milk. It is seldom that the wages are paid in full, for a common clause in the agreement runs: "For the employer's security the wages of the first month and a half, or 3s. weekly for the first ten weeks, are only payable when the labourer leaves in a regular manner." When the labourer leaves otherwise—a point which he is not allowed to decide—this surety money is forfeited.

* Since this chapter was written the Prussian Government has introduced a system of licensing on the frontiers. Russian labourers may engage themselves at fourteen places on the frontiers of Upper Silesia, West Prussia, and East Prussia, Galician labourers at two places in Silesia, and Hungarian labourers at one. Without a licence no foreign seasonal labourer will henceforth be allowed to enter the country.

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The following conditions of employment are taken from an original contract of recent date, concluded between an East Prussian farmer and a Polish labourer, who also engaged his wife and the whole of his children of working age:—

"Work begins at 5 a.m. and lasts until 7 p.m., with intervals of one hour at noon and half an hour each for breakfast and vesper.

"In urgent cases the labourers must work beyond these hours, the employer or his agent alone determining when this shall be done. For overtime men and youths shall be paid 1¾d. per hour, and women, girls, and boys 1¼d.

"Rates of time wages.—In ordinary seasons (not harvest time) men who can mow receive 1s. 6d. per day, women, youths and girls over 16 years, 1s.; but during corn harvest in August 2s. and 1s. 6d. respectively. For potato digging with hoe or spade, 2½d. per basket of 1 cwt., but 1¾d. if the potatoes are ploughed up. In addition, every workman receives 27½ lb. (English) of potatoes per week, 1¾ pint of skimmed milk daily, and quarters in the bothy, with straw mattress and woollen coverlet.

"A common fireplace is also provided for cooking and washing, together with the requisite fuel, and a box is supplied to every two persons for the preservation of their belongings.

"The men must bring their own scythes. Other implements will be provided, but they will be held responsible for their safety and proper care, and all injury caused by wrongful usage or loss must be made good.

"Payment is every Saturday, but for eight weeks two shillings of the wages will be retained weekly, to be returned in the event of the labourer leaving under regular circumstances.

"Should a labourer absent himself from work without permission, get drunk during work, or transgress the house regulations, he will be fined sixpence, which shall be retained from his wages at the next pay day."

There is little sentimentality about the treatment of these foreign labourers. They are heartily disliked, but they are regarded as a necessary evil. It must also be admitted also that the labourers are a severe test of patience, and breaches of contract are frequent.

In the present state of the law there is little political propa-

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gandism amongst the agricultural labourers, and organisation—even of the loosest and most informal kind—can hardly be said to exist. Their very poverty is an obstacle, for it makes them look askance at invitations to help movements which they know will cost money. Further, local leaders are at present inconceivable in rural districts, where autocracy rules and free speech is unknown. The Social Democrats do, indeed, make spasmodic attempts to stir up the agricultural labourers, but it is generally at election times, and the success which attends their efforts is not encouraging.

The Socialists plead in extenuation that rural labourers are unfit for organisation on trade union lines, that they lack class consciousness, and do not understand the significance of modern labour movements, and they point with a certain scorn to the fact that at present 75 per cent. of their number persist in voting with the Conservatives. This is all true; but a deeper explanation lies in the fact that the rural labourer of the older generation—particularly in the Roman Catholic districts—regards the Social Democrat from the political standpoint and sees in him only an opponent and subverter of all the pillars of society which he has been trained to respect and revere—the Monarchy, the Church, and the moralities of life. If the rural labourer shows no sign of a desire to make common cause with the advanced labour movement the reason is that this movement has been identified with measures which have nothing to do with labour.

At the present time endeavours are being made to organise the rural labourers of Bavaria, where no legal hindrance to their coalition exists, under the banner of Roman Catholicism, and the leaders of the movement would appear to be confident of success. The obstacle there, however, lies less with the labourers than with the small peasants, who fear that the greater independence of labour will mean higher wages, a fear not without justification.

In general it is a firm belief, honestly held, that the bestowal upon the agricultural labourer of the right to combine would fill to overflowing his cup of misfortune that causes the agrarian everywhere to offer unreserved opposition to this aspiration. And yet it is no paradox to say that the true and only way of checking the scarcity of labour is to make the labourer still

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more free to go his way, for only then will the landlord have a genuine incentive to persuade him to stay. The only argument by which the agrarians attempt to defend the existing law is that it is more necessary to bind the agricultural than the industrial labourer, since the sudden cessation of employment in the country might destroy the entire harvest. But the plea is quite inconclusive, and evades the true secret of the labour famine from which so many rural districts suffer. As a fact there are some industries, dependent on unskilled labour, whose employers run far greater risk in the event of sudden stoppages than is the case with farmers. What the agrarian has not learned and refuses to learn is the futility of his idea of bound service. There are scores of industrial employers in Germany to whom continuous work is necessary, and who have greater gain or loss at stake in a week than the largest East Elbe landowner during a whole season, who have voluntarily renounced the claim to notice from their workpeople, so that the relationship on both sides can be cancelled at any hour, yet it is the general experience of such employers that the looser in theory the tie between themselves and their workpeople, the faster it is in reality, since the absence of any claim to have notice or obligation to give it exerts a steadying influence on both sides.

Every one who has studied the German rural question disinterestedly, and has tried fairly to understand the mind of the rural labourer, knows that the present laws of association and contract, so unequal in their operation, so out of harmony with all modern ideas, are as much responsible as low wages and the generally unfavourable conditions of the labourer's life for the labour scarcity. It is also safe to predict that until and—so slow in effect is the amelioration of old-standing evils—long after these laws are modified and humanised the migration to the towns will continue.

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CHAPTER XV

CO-OPERATION

The German genius for Co-operation—Number and character of Co-operative societies and undertakings—Importance of the rural banks and credit societies—Distributive Co-operation not developed as much as in England—The Raiffeisen Co-operative movement described—The Prussian Central Co-operative Bank—The attitude of the State towards the Co-operative movement.

A DISPOSITION to combine for the promotion of mutual interests, amounting almost to an instinct, has marked the German people from the earliest period, as the historian Gustav Freytag shows in his work, "Pictures of the German Past." This characteristic has found expression in recent times in the development of Co-operation and in the application of the principle in the most various directions. On the lowest estimate one in every fifteen inhabitants of Germany belongs to a Co-operative society of one kind or another. The ratio in the United Kingdom, the home of Co-operation, is barely one in twenty.

The German Co-operative societies may be classed in four main groups or federations, viz., (1) the "General Union" of societies bearing the name of Schulze-Delitzsch, the Radical social reformer, who did so much for the popularising of Co-operative principles in Germany; (2) the "Central Union" of societies; (3) the Raiffeisen system of societies, for the most part agricultural, with its seat at Neuwied on the Rhine; and (4) the "Imperial Union" of agricultural societies, though the two associations last named have since 1905 been amalgamated.

As to purpose, the main types are credit societies, both agricultural and industrial; societies for the purchase and supply of raw material; productive societies; societies trading in manufactured goods; food stores; and building societies. The last group disregards, of course, the enormous number of "public utility" and other building societies which have been

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formed for the purpose of erecting cheap working-class dwellings in town and country by the aid of State credit or loans from the Insurance Boards. For practical purposes the Co-operative societies may be further divided into those which depend on self-help and eschew State patronage, comprising the entire Schulze-Delitzsch group and the ordinary distributive stores, and the predominantly agricultural societies of the Raiffeisen and "Imperial Union" types, which claim and receive State encouragement and even subsidy.

The aggregate number of societies of all kinds at the beginning of 1907 was 25,714, and their membership was 3,860,143. Roughly, only one in twelve was a "stores" society and only one in four of the members belonged to societies of that type, for the uniqueness and strength of the German Co-operative movement lie in the hold which it has obtained upon the agricultural classes, and especially the small farmers. The following were the societies, with their membership, in existence at the date named:—

Character or Purpose of Societies.	Number of Societies.	Number of Members.
Credit	15,602	2,113,653
Industrial raw material	257	9,627
Agricultural raw material	1,786	151,507
Purchase of goods	129	5,405
Industrial work	341	23,182
Agricultural work	321	7,239
Purchase of machinery and instruments	11	1,052
Industrial trading warehouses	73	3,420
Agricultural trading warehouses	290	37,960
Industrial raw material and warehouse	125	4,253
Agricultural raw material and warehouse	21	2,582
Productive (industrial)	230	24,504
Productive (agricultural), viz.—		
1. Dairy and cheesery	2,882	232,176
2. Distillery	187	3,218
3. Wine	196	11,314
4. Field and garden produce	80	5,848
5. Butchers	4	405
6. Fishery	9	518
7. Forestry	4	55
Breeding	159	11,437
Co-operative Stores	2,006	1,037,613
House and Building	681	129,272
House and Building (for common purposes)	86	10,316
Other Societies	234	33,587
Totals	25,714	3,860,143

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In Prussia alone the number of registered Co-operative societies increased from 2,912 in 1890 to 5,135 in 1895, 9,429 in 1900, and 13,331 in 1905, and in 1904 the average number of members per society was 147. Here, too, the most numerous group of societies is that of the credit societies.

Of the credit societies the great majority are rural. Most of them are based on the limited liability principle, though the Raiffeisen societies are an important exception. Of the raw material societies the principal are those of the shoemakers, tailors, bakers and confectioners, metal workers, filers, barbers, joiners, and painters and varnishers. The "industrial work" societies chiefly carry on corn mills, electrical and gas works, joinery works and butchers' shops; and of the "agricultural work" societies the majority are thrashing societies, while the rest own and work steam ploughs and other agricultural machinery. The warehouse societies deal mainly in furniture, bricks, hides and skins, live stock, poultry and eggs, corn, spirit, hops, and tobacco. The industrial raw material societies consist of basket makers, tailors, wood workers, shoemakers, fitters, smiths, and tinners, &c.; the industrial productive societies of bakers, printers, brewers, furniture, starch, and brick makers, spinners and weavers; the agricultural productive societies carry on dairies, spirit distilleries, vineyards, corn mills, fruit farms, jam factories, and preserved food factories. The miscellaneous societies include societies for water supply, insurance, land purchase and allotment, or carrying on publishing works, sanatoria, and licensed premises.

It is a remarkable fact that while English co-operators have laid stress upon the distributive side of Co-operation, inasmuch that to the average co-operator in this country the beginning and end of the movement, which was started with aims and ideals so much wider and more fertilising, is the half-yearly dividend of the grocery store, in Germany this is a department of Co-operation which has made comparatively little progress. In several of the larger towns, like Hamburg (the seat of the Co-operative Wholesale Society), Breslau, Dresden, and Leipzig, the stores have appropriated a large share of working-class trade, but in most towns distributive Co-operation is a plant of slow and uncertain growth. The stores may report a large nominal membership, but as often as not the annual turnover per head does not exceed

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a week's or a fortnight's household needs, and it is evident that the co-operator has greater faith in the goods or the dealings of the private trader. As a rule the stores are only allowed to sell to members, unless they actually produce the goods purveyed (bread is almost the only exception), in which case they may supply the general public. The 2,006 German Co-operative stores, with their 1,037,613 members, which existed at the beginning of 1907, compared with 2,291 stores, with a membership of over two millions, in the United Kingdom. The turnover of the German societies in 1904 averaged £15 12s. per member, that of the English societies in 1905 £28 8s.

On the other hand, the agricultural societies of all kinds have enormously increased in number, membership, and activity during recent years, the total at the end of 1906 being 20,432, and it is safe to say that they have done more for the small farmers than all the agrarian and protective laws together.

Conservative in many things, the German farmer was quick to recognise the value of associations which placed credit within his reach on terms more favourable than he had secured from private banks and money-lenders; which enabled him to purchase his manures and other raw material direct from the manufacturers, without paying tribute to the middleman; which brought into his parish steam ploughs, reaping machinery, and other costly mechanical aids beyond the means of individual tenants; which collected his produce, his corn, potatoes, fruit, milk, and eggs, and found for it a sale at better prices than he had been able to obtain so long as he bargained alone; which established dairies, creameries, and cheeseries, and with machinery of the most modern kind produced for him and all the countryside butter and cheese of better quality and higher marketable value than had been possible with the old homely methods; which introduced superior strains into his stalls and stables, folds and styes, improved his seed and orchard stocks—in a word, which offered him the advantages that had hitherto been the monopoly of the large proprietors, thanks to their command of the resources of wealth, science, knowledge, and experience. Societies for the realisation of all these aims exist in large numbers in all the agricultural States, and their work increases in importance every year. Thus the principal Co-operative society for the sale of

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agricultural produce in the Prussian province of Hanover had a turnover in 1906 of £428,000. As an illustration of what agriculturists are willing to do for themselves, it may be stated that an agricultural combination recently purchased the majority of shares in a potash mining company in Prussia with a view to securing a preponderance of influence on behalf of their industry.

It is, however, the credit societies which have done most for agriculture. An agrarian authority recently stated, "The German peasantry were saved from ruin when by means of Co-operation personal credit was established." So important is the work which has been done by these societies, and is being continued to-day with undiminished energy and success, that more than a passing reference to the pioneer Raiffeisen credit banks seems called for. The history of these banks is the more interesting since they seem to point to the solution of a notorious agricultural difficulty of our own—the lack of easy and advantageous ways of procuring ready money when it is most needed. There are the legitimate banks and the loan agencies, good and bad, but in resorting to either the farmer is compelled to pay a high rate of interest, and in the absence of substantial security he cannot succeed in borrowing money at all, however urgently he may require it. Under the circumstances, therefore, it is remarkable that the principle of co-operative banking and lending has so far made so little headway in this country amongst the agricultural classes. It is not likely that the money difficulty is an insuperable one, or the movement associated with the names of Raiffeisen and Schulze-Delitsch would not have made such wonderful progress in Germany and Austria.

Friedrich Wilhelm Raiffeisen, the philanthropist after whom the banks are named, was a native of Rhineland, and lived from 1818 to 1888. It was while acting as mayor of several rural communes that his attention was drawn to the financial difficulties under which farmers laboured. He saw that the smaller of their number were perpetually in want of capital, and that the means taken to cover the lack were extravagant and ruinous, since they allowed themselves to pass into the power of unscrupulous money-lenders. The Jews were the principal offenders, and again and again he saw how peasants,

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pressed for money to repay loans or to meet current rent, would literally give away both stock and implements to the usurer, in return for temporary financial relief. The simple rustic was seldom a match for the astute money-lender, who, while keeping on the side of the law, plundered his victims right and left. With a view to prevent this species of roguery Raiffeisen constantly intervened between the peasants and their dishonest patrons, and his official position and his native shrewdness enabled him to negotiate for the former fairer terms than they would otherwise have obtained. Taking his stand in the market-places, he would himself do the bargaining when cattle or sheep had to be disposed of, and in him the Jew met his master. Amongst the usurers, naturally, he was no favourite; but to the peasants he often proved a true and timely friend. The experience thus gained of the farmers' wants and weaknesses originated in Raiffeisen's mind the idea of Co-operative Credit Associations. After sundry experiments these associations were established on a modest scale in several places on the Rhine, and gradually their influence and fame spread until their founder was compelled to devote himself entirely to the work of directing a great Co-operative movement amongst the farmers of Germany, having many ramifications and achieving remarkably successful results.

Nowadays not only are loan associations established all over the Empire, in direct connection with a Central Institute at Neuwied, but affiliated to them farmers' Co-operative stores are carried on in great numbers, while the central authorities have called into existence, for the common good, a series of large establishments for the supply of agricultural requisites of all kinds. For example, there is a great machinery depôt at Frankfort; Cologne is the seat of a central warehouse which buys on a wholesale scale on behalf of the branches; and elsewhere there are artificial manure manufactories, and even a tobacco manufactory, all conducted on the Co-operative principle. An idea of the magnitude of the system of Raiffeisen institutions may be gained from the fact that it requires a permanent staff of over three hundred officials of all grades.

Only the main principles upon which the co-operative banks are based can be named in so summary a statement as this. The financial foundation of a credit association is laid by means

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of what are called "business shares" of the maximum value of 10s. No member can hold more than one share, and no higher dividend can be paid than the association pays in interest on money borrowed. The underlying principle is that of Co-operation with unlimited liability on the part of the members, a principle to which objection has frequently been taken theoretically, yet which in practice has worked with complete success. Indeed, during the whole fifty years' existence of the Raiffeisen associations, it is stated that it has not happened once that members have suffered owing to the enforcement of this rule. This is not unnatural, for the rule ensures that men of character and ability, and, where possible, of substance, are placed at the head of affairs, and that a rigid system of control is exercised.

Deserving farmers of all grades are the special objects of solicitude—men who are in their right place, who understand their calling, and who, even in spite of occasional difficulty and misfortune, can be trusted to help themselves. On the other hand, men of careless, improvident, and irregular habits are refused help from the invested funds. Yet artisans and labourers, who are practically interested, in however small a degree, in the land, and who are in want of a little money for the purchase of implements or the building or repair of houses, are favourably considered.

The first essential, on a request for an advance of money being received, is that the affairs of the would-be borrower shall be carefully investigated, not inquisitorially, but with a view to learning his pecuniary position, his credit, the value of the security which he is able to offer, and the probable utility of the purpose for which the money desired is intended. This investigation is as desirable from the farmer's standpoint as it is necessary from the association's, for it is a cardinal point in the system that those who are taken under the ægis of these associations are advised and helped in every possible way. The security, which generally takes the form of mortgage, is fixed by statute at twice the amount of the loan, but this somewhat hard rule is not adhered to in practice.

As to the period of the loan, three modes of payment exist. There are short-term loans which must be returned in three months; there are long-term loans up to two years, with annual

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repayments; and there are loans for indefinite terms which can be reduced at the borrower's convenience. No laxity is allowed in regard to compliance with the terms and conditions of repayment agreed on, a matter which is regarded as vital to the success of the banks, and the right to call in any loan at a month's notice is reserved by the association.

Great stress is laid upon the mutual principle, and that in various ways. Any profit that may be made by an association must be placed without deduction to a reserve fund, though it is expected that money will be advanced to members on the most favourable conditions. It is understood, too, that all branch officers must be honorary, save the actuary, though the payment of out-of-pocket expenses is allowable. Throughout, indeed, an endeavour is made to cultivate amongst the associated farmers the feeling and habit of mutual helpfulness, and in every direction the statutes of the associations eliminate, as far as possible, the play of self-interest. It is not surprising to hear that an invaluable part is often played in the work of these rural societies by the village schoolmaster. This public-spirited official often serves as the pivot around which the entire economic system of a rural community revolves. He not merely acts as secretary to the Raiffeisen bank and contracts loans for the small peasants, but he advises as to methods of agriculture and the sale of produce, he encourages thrift and receives the villagers' savings once a week; in a word, he is a guide, philosopher, and friend to the whole countryside, and without reward discharges functions of untold value to the simple folk amongst whom his lot is cast.

It is expected, and indeed required, that all credit associations shall be affiliated to the Central Bank in Neuwied, whence the motive power of the entire Raiffeisen organisation proceeds. But this attachment to the Central Bank is no purposeless and arbitrary condition; on the contrary, it is of the greatest practical advantage to the various local banks that they shall be associated with a large institution in which they may deposit superfluous funds, and from which they may obtain money which it is beyond their own power otherwise to raise. The Central Bank was established in 1876 with a capital of £250,000 in shares of £50. Its principles and regulations entirely preclude the possibility of the Bank being subjected to the risk of speculative influences.

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The shares are held for the most part by the local associations, which may not transfer them without permission, and whose liability only extends to their own shares. Such is the confidence felt in the Central Bank that no fewer than 4,147 local associations are now connected with it, and it has a turnover of thirty-seven million pounds. In the year 1906, when the Imperial Bank was charging 7 and 8 per cent. for advances, and private banks were asking as much as 10 per cent. for temporary accommodation, the Raiffeisen Central Bank, thanks to its large resources and its credit, yet also to help given by the Prussian State Co-operative Bank, was able to lend money to its members at the rate of from 3½ to 4 per cent.

The General Director has courteously sent me several sample reports of recent date showing the work which is being done by the associations in typical agricultural villages. From these may be quoted passages which illustrate the wide-reaching character and influence of the associations' operations:—

"The savings bank at Baesweiler can report the best possible success. Since its establishment some fifteen houses for artisans and miners have been purchased, and the prosperity of the place has decidedly progressed. The thrift of the members is shown by their deposits of £3,000. The Bank lends at 4 per cent., and pays 3½ per cent. interest on deposits up to £25. It may truly be said that the Bank has been a blessing to the parish."

Again: "The business of the Co-operative store is developing wonderfully and proves of the greatest benefit to the members. Various agricultural implements have been provided by the association and have proved of great value, in enabling farmers at last to benefit by modern mechanical improvements."

From another place the following is reported: "Here the custom used to prevail of hiring oxen for ploughing, &c., the result being very beneficial to the lender, but unsatisfactory and uneconomical for the farmer. The association has, however, superseded this custom by advancing money wherewith farmers have been able to purchase their own oxen. By the provision of artificial manures remarkable success has also been secured in the cultivation of waste lands, which, though formerly entirely disregarded, now yield the most luxurious crops."

Finally, the following is from the report of an official inspector

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upon the associations of Lorraine generally: "The advantages of the loan system are unmistakable, particularly the facility of repayment, since this can take place in instalments from week to week, or at shorter intervals, just as money can be spared. The articles offered for sale on the Co-operative principle are very popular. In districts without Raiffeisen associations the prices for artificial manures were formerly very high, but after the introduction of these associations they fell very considerably, and the result of their wide use is that the fertility of the soil has been greatly increased, insomuch that people who formerly could only produce wheat to last them three months can now supply their needs for the whole year out of their own harvests. Moreover, by the co-operative sale of machinery, marketable corn is produced, fetching the highest prices, and the peasant is enabled to use his crops better and to provide for himself a refreshing summer drink, whereby intemperance has been decidedly checked. The abuses of usury have been carefully watched, and in general the members have been helped with advice and practical measures by the officials of the associations."

At the present time no fewer than 4,159 rural Co-operative loan associations are affiliated to the Neuwied Central Organisation, and in addition 652 Co-operative stores for the supply of agricultural machinery and other commodities, giving the large total of 4,811 associations of all kinds. The aggregate turnover of the central and local societies in 1906 exceeded fifty million pounds, an increase of eight millions on the previous year. The turnover in goods of all kinds amounted to nearly three and a half millions, an increase of a quarter of a million on the year. Thus out of humble beginnings has grown a movement not merely of national but of European extent; for Austria, Italy, Switzerland, and more lately England and Ireland, are among the countries which are profiting by Raiffeisen's efforts. While, however, the material benefits conferred upon the farming class have been incalculable, the moral benefit has also been great, for the true Raiffeisen ideal has ever been that the ultimate aim must be the permanent moral elevation of the associated farmers, and that economic and financial help must only be regarded as a means to this end. So firmly rooted have the Raiffeisen institutions become that it has been resolved to establish as soon as practicable a special training institution in which future officials will be systematically

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schooled in the principles and methods of this system of Co-operation.

The Raiffeisen Central Association has a special department for social welfare, which encourages the establishment, in connection with the local organisations, of agricultural continuation schools for young people of both sexes, cookery schools, village baths and wash-houses, libraries and reading-rooms, sickness and burial funds, nursing homes, &c. It has also begun to interest itself in the introduction of home industries in rural districts in the hope of checking the movement to the towns.

The Raiffeisen movement—let it be candidly admitted—has many critics in the land of its origin, and critics whose comments are not of a friendly character. But no adverse criticism has yet been levelled at the objects which it aims at attaining; the criticism is rather directed to some of the methods followed, and it is noteworthy that the methods singled out for attack, or at least for question, are precisely those to which Raiffeisen himself attached the most importance—those which must act as a check upon selfishness and which most promote solidarity and mutual dependence.

One of the most useful auxiliaries of the Co-operative credit societies in Prussia is the institution known as the Central Co-operative Bank, a State institution established with ample resources for the purpose of providing needy Co-operative credit societies with funds. It was long ago found that the rural savings and loan societies and the small credit societies in general were not strong enough to obtain sufficient money on satisfactory terms, and the wider their operations became the greater became this difficulty. Capital was the perpetual need of societies whose work lay chiefly amongst the small farmers, and the local resources available were seldom adequate. An endeavour was first made to remedy this deficiency by associated effort, the societies of districts or provinces joining to form limited liability companies, whose object it was to equalise the resources of the affiliated societies more effectively, so that the ampler investments of well-to-do societies might supply the needs of new and struggling organisations.

A further step was taken in 1894 when the tenth congress of the German Agricultural Co-operative Societies, held at Hanover,

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decided on the formation of a Central Bank to serve for the whole Empire. The idea was everywhere applauded as an excellent one, so excellent, indeed, that before it could be carried into effect the Prussian Government borrowed it and promptly took measures to apply it in Prussia. Hence came into existence in 1895 the State Central Co-operative Bank (or *Kasse*), whose object it was and is to perform for the smaller agriculturists the same monetary service which is done for the commercial world by the Imperial Bank and the Seehandlung. The bank was provided with an initial capital of £250,000, and the interest upon this capital was fixed at a maximum of 3 per cent. A year later the State increased this capital to £1,000,000, and still later to £2,500,000, the rate of interest remaining at 3 per cent., though this rate has since fluctuated. Having at command large funds at a low interest the Bank is able to offer to agriculturists far cheaper credit than could be obtained from private sources. Loans are not, however, made to individuals nor yet to individual Co-operative societies, but only to associations of such societies. Its operations have greatly encouraged and strengthened the Co-operative credit movement, and have brought needed funds within the reach of large classes of small farmers and even labourers who would have been unable to pay the usual commercial interest, for even after the Bank's advances have passed through the hands of the Co-operative societies loans still reach the affiliated members at 4 per cent. or less. Nor has the influence of the Central Co-operative Bank rested here, for it has led to the multiplication of Co-operative savings and loan societies amongst the artisan class, to which the Bank offers equal help on the same conditions.

It is worthy of note that the leaders of the Schultze-Delizsch Co-operative movement, faithful to ther traditional maxim of self-help, opposed the idea of State Co-operative banking, and their spokesmen in the Prussian Lower House did their best to defeat the Government's scheme. The State Bank had not long been in operation, however, before a recognition of its advantages spread to the co-operators of the Manchester school, who formed federations in various parts of the country for the purpose of sharing in the offered help. Since then the Bank has been empowered to accept loans and deposits from the public Savings Banks, of which a large number are affiliated to it. More

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important still, the example of Prussia has borne fruit in several other German States. In Bavaria, Saxony, Mecklenburg, and elsewhere flourishing State institutions of the same kind have for a long time been in operation.

At the present time over fifty unions of Co-operative societies and banks are associated with the Prussian Central Bank, representing nearly 15,000 individual societies with an aggregate membership of a million and a half. During the financial year 1906–7 loans were granted to the amount of twenty-two million pounds, and the assets at the end of the year stood at nearly eight millions.

Never in its history was the Co-operative movement so vigorous as at the present time, and never was the faith of the agriculturist in its efficiency so strong. Perhaps in the very strength of this faith there lies a source of weakness, or at least of potential disappointment. For there is a danger of Co-operation being made a fetish and giving rise to expectations which it is quite incapable of fulfilling. Quite recently a Prussian agrarian deputy appealed to his Government to give still more cordial help to the Co-operative societies by way of "proving that the spirit of Christianity was not yet dead in the land," while another deputy urged that a professorship of Co-operation should be set up in each of the agricultural colleges. While, however, the enthusiasts of the movement now and then carry their zeal to extremes, the actual work which Co-operation is doing for the agricultural class in a variety of ways is of untold value.

The practical sympathy which the Central and State Governments give to the Co-operative movement is naturally a sore grievance with the retail traders, and petitions to Parliament pleading for the restriction of the operations of Co-operative societies by legislative measures are of common occurrence. There is no doubt that the trade in agricultural machinery, manures, and other requisites has to a large extent passed out of private hands since the affiliation of the Co-operative societies in powerful unions enabled the farmer to purchase direct from the manufacturer, to the great advantage of his pocket. The middleman complains with reason that while the State exists by taxing him, it is, by supporting Co-operation, doing its best to extinguish him, and he contends that its action is all the more inconsiderate and unjustifiable since to the funds which are

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used for subsiding Co-operative societies and providing them with capital he is required to contribute. The plea is unanswerable, though it fails to carry conviction, for German Governments have never considered private interests when their sympathy has been won on behalf of works of recognised public utility.

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CHAPTER XVI

THE POPULATION QUESTION

The crusade against infantile mortality—The decline in the birth-rate—Its effect on population counteracted by a decreasing death-rate—Vitality statistics of towns and country districts compared—Natality and mortality rates of Prussia, Bavaria, Saxony, and Würtemberg—Causes of high infantile mortality—Action of the State and municipal authorities—Decline of natural feeding and its encouragement—The work of the infant dispensaries in the large towns—Public regulation of the milk supply—The care for children of illegitimate birth—The protection of mothers—Provisions of the Industrial Code on the subject—A scheme of motherhood insurance—The Kaiserin Augusta Victoria House at Charlottenburg—The significance of the infant mortality crusade from the standpoint of population—Solicitude for youth of school age—The pioneer worth of Türk and Fröbel—Children spared in Germany where women are spared in England—The factory laws and the employment of children—The doctor in the school—The anti-consumption crusade—Physical exercises and outdoor pastimes—Co-operation of the Social Democrats in social reform movements—Industrial legislation and the insurance laws.

THOUGH there is little talk of national efficiency in Germany, a vast amount of effort is being directed, in systematic and well-reasoned ways, towards the production of a stronger and more vigorous race. Germany is showing wisdom in taking up the population question in the cradle, and endeavouring to ensure the health and virility of the stock at its source, instead of being content with merely patching up a decrepit manhood and womanhood upon which neglect and deterioration have already done their worst. During the past ten years there has grown up an

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earnest crusade against infantile mortality which now covers the length and breadth of the land, and although it is undoubtedly true that Germany awakened but tardily to the importance of this question, the lost ground may soon be regained.

Attention was first seriously arrested when the decline in the birth-rate was found to have become a settled factor in the population question, and it was seen that, in spite of the steady fall in the general death-rate for some years, the rate of infantile mortality showed little or no diminution. The birth-rate for the whole Empire reached the maximum figure in 1876, when it stood at 41·0 per 1,000 of the population (stillborn infants, about 4 per cent. of all born, or 1·7 per 1,000 of the population, being here excluded). The highest figure before the French war had been 38 per 1,000, a figure which occurred five times during the preceding decade. Up to that time the rate had been a slowly ascending rate. Since 1876 the movement has been steadily downward, with the slightest possible break at the beginning of the 'nineties. The lowest figure was reached in 1905, viz., 33·0 living per 1,000 of the population, against 26·9 in England and Wales. The general movement of the birth-rate may be shown by the following yearly averages, based on decennial periods:—

1851–1860	... ...	35·3 per 1,000 inhabitants.
1861–1870	... ...	37·2 ,, ,,
1871–1880	... ...	39·1 ,, ,,
1881–1890	... ...	36·8 ,, ,,
1891–1900	... ...	36·2 ,, ,,

From 1900 forward the rate has decreased as follows:—

1900	...	35·6 per 1,000.	1904	...	34·1 per 1,000.
1901	...	35·7 ,,	1905	...	33·0 ,,
1902	...	35·1 ,,	1906	...	33·1 ,,
1903	...	33·9 ,,			

In some of the large towns the decline in the birth-rate has been still more marked. Thus Berlin had a rate of 45·4 per 1,000 in 1876, after which the strong upward movement which followed the war was exhausted, and gave place to an equally strong decline, so that in 1905 the rate had fallen to 24·6 per 1,000, or 2·5 below that of London (27·1). Had Berlin's rate in 1876 continued there would have been born in 1905 93,000 infants instead of 51,000. The highest and lowest rates in

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Prussian "large" towns (*i.e.*, towns with a population exceeding 100,000) in 1906 were as follows:—

Gelsenkirchen	...	...	50·6
Bochum	...	...	44·8
Duisburg	...	...	43·6
Dortmund	...	...	43·0
Essen	...	...	40·5
Charlottenburg	...	...	22·5
Schöneberg	...	...	23·5
Hanover	...	...	23·7
Wiesbaden	...	...	24·4
Crefeld	...	...	24·6

The effect of this decreased birth-rate has, to some extent, been mitigated by the heavy fall in the general death-rate. The highest rates recorded during the second half of last century were 30·6 per 1,000 (stillborn infants excluded) in 1866, 29·6 in 1871, and 29·0 in 1872. It was not until 1876 that a decided decline set in, but from that time, when the rate was 26·4, there has been a continuous fall until the lowest recorded rate was reached in 1906, viz., 18·2 per 1,000. Shown by decades the yearly average death-rates (stillborn infants excluded) have been as follows since 1850:—

1851–1860	...	...	...	...	...	26·3 per 1,000.
1861–1870	...	...	...	...	...	27·0 ,,
1871–1880	...	...	...	...	...	27·2 ,,
1881–1890	...	...	...	...	...	25·1 ,,
1891–1900	...	...	...	...	...	22·3 ,,

The rates since 1899 have been as follows:—

1900	...	22·1 per 1,000.		1904	...	19·7 per 1,000.
1901	...	20·7 ,,		1905	...	19·8 ,,
1902	...	19·5 ,,		1906	...	18·2 ,,
1903	...	20·0 ,,				

The death-rates for 1904 and 1905 compared with 16·5 and 15·5 in England and Wales. But the fall in the death-rate no longer quite counter-balances the decline in the rate of births. The excess of the latter on the average of the decade 1851 to 1860 was 9 per 1,000 of the population; during the following decade the excess reached 10·2; during the year 1871–1880 it was 11·9; 1881–1890, 11·7; and 1891–1900, 13·9 per 1,000. There was a further rise in 1900 to 13·5, and in 1901 and 1902 to 15·0 and 15·6, after which there came a fall to 13·9 in 1903, 14·4 in 1904, and 13·2 in 1905, in which year the excess in England and Wales was 11·4 per 1,000.

In Prussia the highest birth-rate is found in the three Eastern provinces of Silesia, West Prussia, and Posen, and the two Western provinces of Westphalia and Rhineland. The following

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has been the average natural increase per 1,000 mean population in the East and West respectively since 1890:—

	1890-1895.	1895-1900.	1900-1905.
Posen	18·7	20·1	19·8
West Prussia	17·5	18·2	18·1
Rhineland	15·4	17·4	18·2
Westphalia	18·5	20·9	22·2

In the two Eastern provinces the population is predominantly Slavic, and in the two Western there is also a large Slavic element owing to immigration. The Prussian towns with the largest natural increase of population in 1904 were Gelsenkirchen 31·0 per 1,000, Duisburg 24·8, and Essen 23·5, all colliery or steel and iron towns, while those with the smallest natural increase were Berlin with only 9·2 per 1,000, Halle 10·0, Stettin 10·1, Charlottenburg 10·3, Königsberg 10·4, and Crefeld 10·7.

At the same time the decreased mortality has been confined for the most part to persons of ripe years. Not only has there been no recent decrease in infantile mortality, but there has been an actual increase during the past fifty years. The rate for the entire Empire was 20·5 per cent. of all born alive in 1905, 19·6 in 1904, 20·4 in 1903, 18·3 in 1902, and 20·7 in 1901. The rates in other European countries in recent years were as follows: United Kingdom (1907), 11·8 per cent.; Austria (1903), 21·5 per cent.; Italy (1905), 16·6 per cent.; Belgium (1905), 14·6 per cent.; France (1906), 14·3 per cent.; Holland (1905), 13·1 per cent.; Switzerland (1905), 12·9 per cent.; Denmark (1905), 12·1 per cent.; Sweden (1904), 8·4 per cent.; and Norway (1905), 8·1 per cent. There is, however, great inequality as between the various States of Germany. In 1904 the highest infant mortality rates occurred in Saxe-Altenburg, 25·9 per cent. of all born; Reuss, younger Line, 25·4 per cent.; Bavaria, right of the Rhine, 25·0 per cent.; Saxony (kingdom), 24·4 per cent.; Reuss, older Line, 24·3 per cent.; Mecklenburg Strelitz, 22·7 per cent.; Würtemberg, 22·1 per cent.; and Anhalt, 22·0 per cent.

It is specially interesting to follow the natality and mortality rates of Prussia, since that State represents in population three-

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fifths of the Empire. The following have been the rates since the middle of last century :—

Years.	Birth-rate per 1,000 of the Population (exclusive of Stillbirths).	General Death-rate per 1,000 of the Population.	Infantile Mortality per cent. of Births.
1851–1855	37·60	26·80	19·43
1856–1860			19·90
1861–1865	38·30	27·00	20·82
1866–1870			21·36
1871–1875	38·80	27·70	22·36
1876–1880	39·20	25·40	20·45
1881–1885	37·40	25·40	20·90
1886–1890	37·50	24·00	20·79
1891–1895	37·20	22·80	20·52
1896–1900	36·74	21·20	20·10
1901	36·52	20·70	20·00
1902*	35·85	19·30	17·20
1903	34·78	19·90	19·40
1904	35·04	19·50	18·49
1905	33·50	19·60	19·80

Thus the birth-rate declined during the period covered by these figures by about 4 per 1,000, and the general death-rate by 7 per 1,000. Yet the decline in the death-rate was in no degree attributable to the greater care taken of infant life. If a still longer period be covered, it is found that while Prussia's general death-rate fell from 26·90 per thousand of the population in 1816–1820 to 19·60 per 1,000 in 1905, its infantile death-rate increased during this period from 16·90 to 19·80 per cent. of the births, the latter rate being higher than any recorded during the whole of the first half of last century. Of all important European countries save Austria and Russia, Prussia has the highest infantile mortality, and in the general death-rate only two further States are behind it, viz., Italy and Spain.

Of the other three monarchies of the Empire, Bavaria reached its highest birth-rate during the years 1876–1880, viz., 40·6 per 1,000 of the population, since when the rate has fallen to 34·5 per 1,000 in 1906. On the other hand, Bavaria had all through last century a high infantile mortality. Early in the century the rate was 28·4 per cent., and it increased in the 'sixties to the maximum of 32·7, after which there was a steady decline until 25·7 per cent. was reached at the end of the

* The heavy fall in infantile mortality in this year was attributed to the cold and rainy summer.

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century, and the rate in 1906 was 22·7. It is significant that the highest infantile mortality has always occurred in that portion of Bavaria which is right of the Rhine (Upper Bavaria, Central Franconia, and Swabia), which at one time had rates between 48 and 54 per cent., while Bavaria left of the Rhine (including Lower and Upper Franconia) seldom exceeded 20; it should be observed, however, that the rate of illegitimate births in the Right Rhine portion of the kingdom (viz., 13·7 per cent. of all births in 1905) is more than twice that in the rest of the country (5·6 per cent).

Saxony's birth-rate has fallen from its maximum of 43·4 per 1,000 in the years 1876–1880 to 32 in 1905. Its infantile death-rate at the middle of last century was 25·3 per cent., rising to 28·7 in 1871–1875, and then falling again to 25·7 in 1905, but the fluctuation has in general been small.

Würtemberg's highest birth-rate was 43·7 per 1,000 in the years 1871–1875, and it fell to a minimum of 33·1 in 1905. Würtemberg has always had a heavy infantile death-rate; in the Danubian districts it was as high as 44 per cent. in the middle of last century, and it is still 30 per cent., although taking the kingdom as a whole there was a decline from 32 per cent. at the beginning of last century to 25·4 and even 23·4 per cent. at the end, while the rate in 1905 was 21·4 per cent.

It may be accepted as a general rule that the rate of infantile mortality is proportionate to the general standard of civilisation prevalent. Here racial characteristics and social habits, as well as material circumstances, enter into play. Hence it is not surprising to find that the conditions which exist in the progressive West of Prussia, though industrial in character, are far more favourable to infantile life than are those in the agricultural East, with its strong Polish complexion. Thus the infantile mortality rates for the Western Provinces in 1905 were: Schleswig-Holstein 16·5 per cent., Hanover 14·1, Westphalia 14·3, Hesse-Nassau 13·1, and Rhineland 16·9; while the rates for the Eastern Provinces were: East Prussia 23·0, West Prussia 24·8, Silesia 24·9, Posen 22·4, Brandenburg 23·7, and Pomerania 23·9. It does not appear that industrial towns as such have high infantile death-rates, for the mortality rather seems to be dependent on the character of the staple industries,

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and especially on the degree to which female labour is employed. Another factor of great significance is the housing question. Almost invariably the highest infant mortality is found in those districts of a town in which the working classes specially live. Thus in the "residential" as opposed to the industrial districts of Berlin the infant mortality in 1905 was 15·0 per cent., while in the districts chiefly inhabited by the working classes it was 23·8 per cent., though in special districts of the city the rate was much higher.

Germany's position to-day is as follows. Of, roughly speaking, two million infants born alive each year (1,987,153 in 1905 and 2,025,847 in 1904), over 400,000 (407,999 in 1905 and 397,779 in 1904) die under the age of twelve months, a wastage of 20 per cent., though the rate a hundred years ago was only 15 per cent. Such a state of things was bound to create alarm in a country which attaches supreme importance to national defence.

Although the crusade against infantile mortality is still in the initial stages, experience has already shown the entire needlessness of a great part of the sacrifice of life which has been going on unchecked for so many years. No sooner have remedial measures been applied in any locality than a large decline in mortality has at once been effected, proving that the loss to the nation, under the age of twelve months, of one out of every five infants born has been unnecessary, the result of ignorance, apathy, and fatalism combined. To-day the old idea that the high mortality of infants of tender years is a wise provision of nature, intended to weed out the "unfit," is virtually obsolete in Germany. A very large part of this mortality has been proved to be due to conditions which are in the highest degree unnatural, and cannot therefore be regarded as falling in with any rational theory of selection—artificial feeding, fouled food, insanitary dwellings, absence of light and air, &c.—and it is held that to regard infants who perish through causes like these as predoomed by nature to extinction is as sensible as to condemn as "unfit" the child who is thrown out of a window by a drunken mother or burned to death in a locked-up room.

The national war against this loss of life has been taken up by a number of separate forces working in different directions, yet all, with admirable wisdom, viewing their diverse efforts as part of one great movement towards a common objective, of

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which movement the Emperor and Empress have placed themselves at the head. "It is a depressing fact," wrote the Emperor to the executive committee of the Women's Patriotic Association in Berlin (November 15, 1904), "that wide circles of the population labour under anxiety about children of tender years. It is my earnest wish to see the efforts of the State authorities and of all the philanthropic agencies associated with the Women's Patriotic Association united for the amelioration of this evil. I confidently hope that the efficient organisation of the Association will, by judicious co-operation, be able to give powerful support to the measures adopted by the authorities, officials, and those immediately concerned."

Chief among the agencies and organisations active in the matter are the provincial and district administrative officials, the district medical officers, and the registrars (acting on the directions of the State Governments), the municipal authorities, the various branches of the Women's Patriotic Association and the Red Cross Association, and many special societies formed *ad hoc* in the large towns for the establishment of refuges, homes, dispensaries, and hospitals for mothers and infants, public *crèches* and nurseries, milk depôts, &c. In this, as in most other great reform movements, such as the anti-consumption, temperance, housing, and school-doctor movements, the State is in the forefront, setting an example of zeal and enterprise which public and private bodies are not slow to emulate. The Prussian Ministers of the Interior and of Education and Public Health issued a decree in 1905 requiring the Chief Presidents to call upon the registrars of births to afford all possible assistance to associations which are engaged in the combating of infantile mortality, to actively co-operate in the instruction of the people by lectures and publications, and in every way to use their influence for the reduction of the needless sacrifice of life. When some time ago the Women's Patriotic Association arranged to circulate a million and a half leaflets on the feeding and management of infants the registrars of births were enjoined to do all they could to help in the work. Similarly the Bavarian Minister of the Interior has issued a decree to the District Governments urging them to increased activity in the same cause. They are asked to give special attention to the housing conditions and to the nursing and feeding of infants,

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and to this end are to induce the district and communal authorities, and the medical and poor law doctors, to unite upon well-devised schemes of reform. The measures specified are the establishment of infant dispensaries and clinics, kitchens and milk depôts, the encouragement of natural feeding by the offer of money rewards and the supply of milk, and the better supervision of foster and illegitimate children.

Very wisely it has at the outset been recognised that mere administrative measures, however efficacious and necessary, are incapable alone of carrying this humane crusade to a triumphant issue. The most potent influence favourable to the preservation of infant life is that which is exerted in the home by the mother herself. Here many municipalities and still more philanthropic societies have found a great sphere of usefulness. The crux of the question is the right feeding and nursing of infants during the first twelve months of their life. Statistics show that if that dangerous bridge is safely crossed the chances of safety for a long time are enormously multiplied. Great stress is everywhere laid upon natural feeding, for it has been found that the mortality of hand-fed infants is from five to six times that of breast-fed. Here there is a great leeway to be made up. The suckling of infants has gone entirely out of fashion in whole districts and almost whole States, and especially is this the case in South Germany. In connection with several censuses a careful inquiry has been made into the subject in Berlin. In 1885 of every 1,000 infants enumerated 552 were suckled and 339 fed on cow's milk, in 1890 the corresponding numbers were 507 and 439, in 1895 the proportions were 431 and 452, and in 1900 335 were suckled and 517 artificially fed. Thus during fifteen years the proportion of breast-fed infants fell from one-half to a third. The effect of the different modes of feeding upon the death-rate is shown by the following table :—

Of every 1,000 *Infants of the same Class there Died at the Ages Stated* :—

Year.	Suckled.		Hand-Fed.		Fed in Both Ways.	
	1 Month.	2 Months.	1 Month.	2 Months.	1 Month.	2 Months.
1890	22·9	9·26	147·9	77·4	115·0	88·2
1891	20·45	7·57	170·7	89·4	128·0	54·15
1895	20·16	7·30	112·8	62·9	88·2	50·9
1896	19·4	7·40	111·0	54·5	54·0	38·5

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Again, in the Westerburg Circle of Westphalia, containing 82 rural townships, it was found that 4,363 infants survived birth during the five years 1899–1903, and of these 3,929, or 90·05 per cent., were suckled, and 434, or 9·95 per cent., artificially fed. Of the suckled infants 8·5 per cent. died under one year and 2·8 per cent. under two years of age, while the mortality at these ages in the case of the artificially-fed infants was 20·0 and 5·5 per cent. respectively.

Similarly an investigation made in Cologne, a town with a high infantile mortality, showed that only 398 mothers out of a thousand suckled their children; while at Solingen, a town with a low infantile death-rate, 704 out of a thousand mothers suckled their children.

The feeding question has been seriously taken up by the infant dispensaries which have been established in many towns by the municipalities either alone or in conjunction with philanthropic bodies. Berlin has seven of these dispensaries, distributed in the working-class districts of the city, each under the care of a specialist in infant maladies, assisted by qualified doctors and nurses; Charlottenburg has five, and other large towns have dispensaries in number more or less proportionate to their industrial population. While these dispensaries never work on narrow lines, the principle generally followed in Berlin is that applicants for gratuitous advice and help must give proof of need. The idea is to give preference to the people of small means, those who are in receipt of poor-relief, foster parents, and the guardians of orphans, illegitimate children, &c. "At the dispensaries," runs one of the regulations, "every mother in needy circumstances receives free advice as to the judicious feeding and nursing of her weak or sickly child. If in need mothers who suckle their infants receive support in money, and other mothers receive sterilised milk either free or at a reduced price." Information is required of each applicant as to the legitimacy or otherwise of the child, the occupation of the father, the earnings of the father and mother, and the size, rent, and sanitary condition of the dwelling. "The *cliéntèle* of the dispensaries," states a recent report, "consists in the main of working-class families, and indeed almost entirely of unskilled labourers with a usual income of from 20s. to 23s. per week. The fathers have read in the newspapers about the dispensaries,

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and they send their wives in order to receive advice in case of sickness, though often without this special reason. Then one woman recommends the dispensaries to another, and in addition the lady superintendents, acting under the police and the 'Housekeeping Associations,' send people to the dispensary, while foster parents come in large numbers. The giving of milk for children at a low price and the grant of money or milk to mothers who suckle their infants have proved a strong tie between the institution and the public, and cause the majority of the applicants to follow the advice given willingly." The plan is adopted of following the advice given at the dispensary by a visit from a sister for the purpose of inspecting the home conditions and of inquiring whether the mode of treatment prescribed has been followed. In this way defects in nursing and feeding are pointed out. But this visitation of the homes of the clients does not relieve the latter of the obligation to attend at the dispensary once a week so long as the doctor requires it. In the principal dispensary Dr. Neumann, the practitioner in charge, gives monthly demonstrations in nursing to women of the working class.

The Berlin dispensaries are not intended for the actual treatment of sick children, but this wider sphere belongs to the children's clinic which has been at work for ten years at Hamburg, and which has of late extended its mission to the systematic instruction of mothers in the right feeding and nursing of their infants. Four doctors, assisted by four sisters, are engaged in the work, and some 3,000 children are treated yearly. The municipality of Berlin supports lying-in hospitals for women in needy circumstances, homes for similar women who are nursing young children, and forest convalescent homes for mothers and infants, and it also subsidises *crèches* conducted by philanthropic societies. At Schöneberg, near Berlin, a maternity home has been opened for the reception of single women during the first three months after confinement. The help given in all these ways from the public funds does not rank as poor-relief, so that no electoral disqualification is caused to the heads of families concerned.

At the Charlottenburg's children's dispensaries the greatest importance is attached to natural feeding. The town offers to women about to be confined, whether married or not, for a period

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of four weeks, free milk and dinner daily, or 6s. in money per week, supplemented later by premiums on suckling and other support if necessary. The result has been a great decrease in infant mortality. While of 958 infants examined during the first 10½ months' operation of the dispensaries (July 15, 1905, to March 31, 1906), not 20 per cent. had been suckled, of the 2,007 treated during the second year 48 per cent. were so fed. The result was that while of the children treated in 1905 8·4 per cent. died within the first year, during 1906 the mortality at that age amongst 970 suckled children under treatment were only 2·9 per cent.; that amongst 310 suckled and hand-fed infants was 3·5 per cent.; and that amongst 727 entirely hand-fed infants was 10·7 per cent. The rate of mortality under twelve months of all infants treated was 5·8 per cent., though the infantile mortality rate for the town at large was 15·6 per cent. An infants' clinic has also been opened in Charlottenburg with municipal help. At Munich a food depôt has been established at which any woman who certifies her need by bringing with her a young infant can have a free meal every noon.

From insisting on the importance of good milk both for mothers and infants to the adoption of measures to safeguard the quality of the milk supplied is a natural step, and it is a step which many German municipalities have taken. Police control of the milk supply has been exercised for years in German towns, but it has proved very inadequate. It was possible to detect and to prevent the grosser forms of adulteration and impurity, but it has not been possible to ensure the supply to the working classes of a thoroughly hygienic and nutritious article, nor has police control been deliberately directed to that end. Hence the demand for close medical supervision, exercised no longer in a perfunctory way by the police authority, but by the municipal administration. Some of the more progressive towns have even established milk depôts for the sale to mothers of the working class of pure sterilised milk at a reasonable price. Halle, Wiesbaden, Cologne, and Stettin may specially be instanced. Many large employers of labour are emulating the public authorities in this respect. There are scores of factories in various parts of Germany, with "social welfare" departments conducted by skilled and zealous directors, which supply to their employees both for use in the works and at home milk of a

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guaranteed and tested quality at a lower price than that of the retail traders. Not only so, but this factory milk is very popular and is largely bought.

Particular attention is being given to the fate of infants of illegitimate birth. The importance of this aspect of the question will be understood when it is said that the rate of mortality under one year amongst illegitimate children is nearly twice that amongst legitimate. There are born every year in Germany 175,000 illegitimate children, equal to about one-eleventh of the total births, though the rate of illegitimacy varies greatly in different States from a minimum in 1905 of 6·9 per cent. of the births in Hesse to 13·4 per cent. in Saxony (comparing only the larger States). Of these illegitimate infants nearly one-third die under the age of one year, viz., 32·6 per cent. in 1905, 31·4 per cent. in 1904, and 32·7 per cent. in 1903. The highest rates of mortality mongst illegitimate infants occurred in 1905 in Bremen, 35·7 per cent.; Saxe-Altenburg, 35 per cent.; Prussia, 34·4 per cent.; Saxony, 33·1 per cent.; and Alsace-Lorraine, 31·9 per cent. In some of the provinces of Prussia, however, these rates were exceeded, *e.g.*, West Prussia, 44·0 per cent.; Posen, 43·1 per cent.; East Prussia, 37.1 per cent.; Silesia, 37·3 per cent.; and Brandenburg, 37·9 per cent. (the first four provinces having a predominant Polish population). It was found in Bremen that of the legitimate infants born in 1901, 20 per cent. died within four years, but of the illegitimate 20 per cent. died within the first three months; at the end of one year twice as many illegitimate as legitimate children had died, and the same proportions held good in the second year. An investigation made at Königsberg showed that during the years 1877 to 1905 the deaths in the first year of children of illegitimate birth were almost twice as numerous as those of legitimate birth, though the placing of illegitimate children under police supervision has greatly diminished the mortality amongst them since 1881.

The institutions which have been called into existence as part of the crusade against infantile mortality do not distinguish between legitimate and illegitimate children, unless, indeed, by giving special attention to the latter, as standing in the greatest need of protection. Some of the large towns, taking a broad and generous view of the question, have even undertaken, on the prin-

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ciple sanctioned in other cases by our own Poor Law, the legal guardianship of all infants of illegitimate birth, with a view to the systematic supervision of their nursing and later up-bringing and incidentally also of apportioning paternal responsibility for maintenance where it should properly fall. These measures have added nothing to the municipal burdens, for neither fathers nor mothers of illegitimate infants are relieved of their obligations; on the contrary, it has been found that a municipality, free from influence and eager to do its duty to unmarried mothers and through them to the community, is able to bring shirking seducers to book where their victims fail. Charlottenburg and Leipzig are among the towns which have undertaken this humane and judicious responsibility, and from both places it is reported that the infants, the mothers, and not least the fathers, are looked after better than before.

But at these efforts the crusade does not stop. A strong endeavour is being made to increase the protection given to mothers by factory legislation, and to extend it to all classes of women workers. It is held that if the child is to be healthy the mother must be healthy too. Good feeding and nursing, though important, are not everything; and the most scientific nursing will avail but little if the child comes into the world with its chances of life diminished owing to the unfavourable conditions of its birth. The Industrial Code does not overlook the necessity for protecting mothers who anticipate confinement, but it is held that the protection does not go far enough. The law named provides (section 137) that during four weeks after confinement women may not work at all in factories and workshops subject to inspection, and during two further weeks only on the strength of a medical certificate; and all this time a woman may receive sick benefit if she has belonged to a communal sick fund for six months. Women expecting confinement may also be given sick benefit for six weeks, subject to the same condition, in the event of incapacity to work, and free nursing and medicine may be added. It is now proposed to extend these provisions. Professor Mayet advocates a system of benefits for women in childbirth extending over six weeks preceding and six weeks following confinement, and including not only the full allowances payable under the Sickness Insurance Law, but two premiums of 25s. each for natural feeding, one claimable after

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six weeks and the other at the end of a year. He estimates that the cost of these benefits would be six and three-quarter million pounds per annum, yet contends that the results would be worth the expenditure, for were his plan carried out 80 per cent. of the present infantile mortality would be saved, an enormous amount of sickness would be prevented in later years, and 20,000 additional efficient men would be available for the army annually.

Active propagandism on the same lines is being carried on by the Motherhood Protection League, an organisation which has been called into existence by the crusade against infantile mortality. It is the purpose of the League "to improve the position of women as mothers in legal, economic, and social matters, and especially to protect unmarried mothers and their children from economic and moral danger and to remove the prevailing prejudices against them." It is a leading principle of the League that no question is asked as to the antecedents of mothers and children needing help: above its door is written the motto, "We are not here to judge." The League agitates, by literature, the Press, and lectures, for the reform of the legal position of unmarried mothers and their children, with a view to alleviating the stigma under which they live; it helps such mothers both before and after confinement and endeavours to place them in a position to support themselves and their offspring; but its largest demand is for a thoroughgoing scheme of "motherhood insurance," linked on to the present system of industrial sickness insurance. It would first extend sickness insurance to all wage-earners without exception, to agricultural and forest labourers of both sexes, to domestic servants, and to workers in the home industries, and would then cover the cost of a special motherhood insurance by increasing the contributions payable by workpeople and employers, retaining the same proportions as now, viz., two-thirds and one-third respectively, yet adding a State subsidy. The benefit is to extend over a period of twelve weeks, six weeks before and six weeks after confinement, and is to include full wages, free midwife and medical attendance, and premiums on suckling. It is also proposed that Sickness Funds shall be empowered to establish, or by loans assist others to establish, advice agencies for mothers and women expecting confinement, as well as maternity

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homes, and to grant help towards the proper feeding of infants.

A more original demand is that the labour protective legislation shall be so amended as to require every factory or large workshop employing female workers to set apart a room as a nursery, and to arrange for intervals during which mothers may feed their infants. Certainly the League has no fear of expense, and although its scheme would cost some fourteen million pounds a year, it is able to point to the dictum of the present Emperor, that "The prohibition of the employment of women during the period of childbirth is closely connected with the elevation of the race, and in such a matter money should not be considered."

It is not likely that schemes like these have any hope of success in the present generation, yet they are significant as showing the importance attached to the question of race efficiency in Germany. Already the League's vigorous propagandism has produced a great impression on the public mind.

Meantime, private action is doing voluntarily to a small extent what can only be done on a large scale by legislative measures. Many employers already incur considerable expense in encouraging mothers to stay away from work as long as the needs of their newly-born children require. One employer at München-Gladbach, in the Rhenish textile district, pays such mothers 2s. per day for thirteen weeks after the expiration of the six weeks' sickness insurance benefit on condition that they remain at home and devote themselves to the nursing of their infants. A novel experiment has for several years been tried in a large factory near Hanover, where a nursery has been equipped to which the infants of mothers employed in the factory are brought so that they may be fed during the day in nature's wholesome way. Quite recently this idea has been developed in two suburbs of Berlin, Schöneberg and Weissensee, where factory owners have been required by ordinance of the Home Minister to provide rooms in which mothers may feed their infants. The municipalities have agreed to bear all attendant expense.

One further outcome of this movement must be mentioned, and in some ways it is the most remarkable of all. On December 3, 1907, there was laid in Charlottenburg the foundation-stone of the Kaiserin Augusta Victoria House. This is the

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name of a physiological research institute which will serve as a central agency for the entire infantile mortality crusade in Germany. There the best ways of feeding and nursing infants will be investigated, children's doctors and nurses will be trained, "infantile hygiene" in all its aspects will be studied and popularised, and the latest discoveries and inventions of science useful in the service of this great work will be made available to every town and village in the Empire. The Empress gave the impetus which has called this unique project into being, and for that reason it bears her name. The town of Charlottenburg has given a large site of 3¾ acres, valued at £20,000, behind the Castle Park, and the cost of the building is estimated at £50,000, and of furnishing at £10,000, though these estimates will in all probability be largely exceeded, while the yearly costs of maintenance are estimated at £5,000. Already a national fund of £90,000 has been raised, a yearly subsidy of £1,000 is expected from the Prussian Government, and some of the other Governments, as well as many municipal bodies, will also help the scheme. With its completion will be realised the concluding words of an Imperial Message on this subject which was published three years ago: "It will be possible to check the high infantile mortality not only by removing recognised evils but by more persistent scientific research, and by the widening of our knowledge in the sphere of the natural and artificial feeding of infants." The project is a truly magnanimous illustration of Germany's belief that science was intended to be the handmaid of civilisation.

It must be added, to the praise of the women of Germany, that in all the large towns many of the educated and leisured of their number give ungrudgingly of their time and ability to this great work of mercy and of national benefit. Not only so, but in order that their co-operation may be of a wise and helpful kind they are ready to organise and attend preparatory classes in which to equip themselves with physiological, medical, and hygienic knowledge, and the authority which that knowledge confers. The members of the Women's Patriotic Society regularly hold courses of lectures for the instruction of mothers of the working class in nursing and feeding and in general household management.

The importance to Germany of this life and health crusade will be understood when the rates of mortality which have already

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been referred to are borne in mind. Assuming that the birth-rate continues to fall for some time, as in all probability it will do, there is yet reason to believe, judging by the improvement shown in recent years, that the greater expectation of life of adults will alone counteract this deficiency, in which case the reduction in infantile mortality would represent a clear gain to the population. At the present time the deaths of children under twelve months in Germany are about eight to nine per hundred born more than in the United Kingdom. Should this leakage alone be stopped, and no more, an estimate which must be regarded as a very moderate one, there would be implied an annual addition to Germany's population of a hundred and forty thousand, making the total increase little short of a million per annum.

But this care for the health and welfare of the coming generation by no means stops at infancy. A multitude of agencies work in the interest of youth at every stage. Professor von Kirchenheim, of Heidelberg, recently summarised these multifarious endeavours in a sentence: "Our age occupies itself more than formerly with the health and physical efficiency of youth, both during the years before and after school age, and the recent decades have created quite a new order of measures whose aim is to win back the neglected, forsaken, demoralised, and even the already criminal youth—a fund of national strength now half or wholly lost." Next in order to the dispensaries, *crèches*, and other agencies which in growing numbers devote themselves to the care of infants, come the day nurseries, play-schools, and similar institutions maintained in all the large towns for the reception of children too young for admission to the kindergartens proper. Berlin took the lead in this work more than a hundred years ago. As early as the beginning of the nineteenth century a well-known education reformer and member of the municipal school administration, Herr von Türk, established nurseries in which children between the ages of three and six years were received during the day hours. They were kindergartens of a very primitive type, for not only was there no teaching, but there were no games. Nurseries of the kind still exist, but in general they have given place to a higher and more intelligent conception of the needs of childhood.

Some of the modern nurseries are known as "play-schools," and the name sufficiently explains their character, for recreation is

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the chief concern. Later came the "schools for small children" (*Kleinkinderschulen*), which were first established by religious bodies, and were accordingly conducted upon a religious basis, and in close touch with the churches; they paid due attention to the physical and recreative needs of the children, but their educational value was slight. A distinct era in popular education was opened when Fröbel began the kindergartens which have been so largely copied from Germany by this and other countries and developed on many progressive lines. Fröbel lived from 1782 to 1852, and during the later period of his life he devoted himself entirely to the working out of his kindergarten theories. He proceeded from the nurseries of Türk in Berlin, with which he was familiar, yet not satisfied, since they lacked educational purpose. His idea was to train the faculties of the children by intelligent employments, for which reason he first called his nursery schools "occupation schools," and only later kindergartens, by which term he sought to popularise the idea of nature-training. Observation teaching, narrative and repetition, play, music, song, bodily exercises, simple hand-work, gardening, and the care of animals were the means by which Fröbel endeavoured to awaken the dormant nature of the child, to rationalise its instincts, and to develop in it the idea of unity with its fellows which constitutes the social sense. These kindergartens are still carried on under various names, and form part of the official primary school system in many German towns.

It is when the child has passed into the care of the public education authority, however, that the solicitude for its welfare is shown most systematically. There is no reason to believe that England values its childhood and youth less than other countries, yet it must be confessed that its concern for them is often shown in very curious and unconvincing ways. At the moment these lines are being written (December, 1907) a controversy is raging in certain of the London newspapers regarding the ejection of juvenile and other toysellers from the public pavements. In one of these newspapers the following paragraph appears:—

"The toysellers of Holborn were to-day faced with a problem —How to get a free breakfast, and at the same time retain their 'pitch.' All the 250 hawkers who had secured positions were given tickets for a meal, but, much as they needed the

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meal, they needed the trade more, and some of them gave up their breakfast tickets to their less fortunate brethren. In other instances little brothers and sisters held the pitches while the vendors secured the meal. Three children watched one square of pavement, where a tray had been set down, for over an hour. The foremost of them was 'Tiny Tim' in real life. His shoes were out at the toes, and his clothes ragged, but he thrust his hands stolidly into his much-ventilated knickerbockers and looked as happy as possible, in spite of the rain. But the little mites, who served a big brother, did not go unrewarded," &c.

Such an employment of children as is here hinted at could not by any possibility occur in Germany; the law would not allow it, public opinion would not tolerate it, and it may even be questionable whether the parental sense would sanction it.

A German visiting a large English town is invariably shocked at the sight of miserably clad boys and girls of tender years hawking newspapers and matches in the public streets, just as an Englishman visiting Germany is shocked at the hard and unfeminine work which is often allotted to women there. The repugnance of both is quite sincere, though as a rule neither is conscious of the fact that there is plenty of room for broom work at his own door. Broadly speaking, England spares its women where Germany spares its children; each does well, but the application of a humanitarian spirit in both directions is the ideal thing, and neither country has arrived at that stage of altruism. Several significant facts may be noted in relation to the protection of childhood in Germany. The legal age of admission to full employment in factories and workshops is fourteen years, though on the production of efficiency certificates children may be employed for not more than six hours daily at the age of thirteen, yet of the 5,607,657 industrial workers subject to inspection in 1905 only 10,245, or under 0·2 per cent., were below fourteen years, and in some States there were none. To show the progress which has been made in this respect it may be stated that in 1875 10 per cent. (88,000 out of a total of 880,500) of the factory workers were between twelve and fourteen years of age. On the other hand, according to the report of the Chief Inspector of Factories and Workshops for 1904 the children under fourteen years employed in English factories and workshops

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as half-timers formed 0·8 per cent. of all workers (38,997 out of 4,898,961). At the same time there is reason to believe that a serious exhaustion of juvenile strength takes place in the unregulated home industries of Germany. Further, from the age of six the child of the people attends the primary school for seven or eight years, and in many cases he is required to attend a continuation school several years longer. In most of the large towns the scholar from first to last receives free systematic medical care at the hands of the school doctors. It begins with a thorough examination on admission, and the health record thus opened is continued throughout the whole period of school life, so that the child is under constant medical supervision until it reaches the working age. Many towns have gone further, and have established dental surgeries, and attached eye and ear specialists to the primary schools.

The anti-consumption crusade has also been extended to the schools. Until several years ago all the endeavours directed against the ravages of this disease were confined to adults, with the result that while the general rate of mortality from tuberculosis fell in Prussia to the extent of 33 per cent. in the course of twenty-five years, it was found to be increasing in the case of children under twelve years. Dr. Kirschner, Chief Medical Councillor of the Prussian Department of Public Health, stated at the International Congress for School Hygiene, held in London in August, 1907, that "of all transmittable maladies to which children succumb in school age, tuberculosis accounts for 60 per cent. in the case of girls and 40 per cent. in the case of boys." Attention is now being given to the children, both in the schools and by means of special dispensaries for consumptives, maintained by the municipalities and philanthropic societies, and in this way a prophylactic work of untold value is being done. The Prussian Government has also established quarantine institutions at the seaside for the reception of teachers suffering from tuberculosis, with a view to affording them the best possible chance of recovery, yet also to protecting the scholars against risk. This work amongst sickly children is admirably supported by a network of public and private agencies for feeding under-nourished scholars, as well as by forest schools for the delicate, holiday colonies, and tramping parties. It is also worthy of note that many school authorities are doing their

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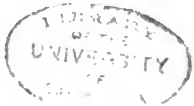
best to discourage the giving of alcohol to children, a practice which still widely prevails in Germany. In Berlin a tractate setting forth reasons for withholding alcohol from the young is given to the parents of every child newly registered on the school books.

Finally, increasing attention is being given to physical exercises and outdoor pastimes, a branch of school hygiene in which, in spite of their love of mild gymnastic drill, German schools have hitherto been very deficient. The new standpoint was defined as follows by Herr Dominicus, a member of the Municipal Executive of Strassburg, at a congress on public hygiene in that town in 1907:—

"The German workman is far behind the English workman in the sport movement, and the reason is to be found in the unfavourable conditions as to labour and wages which prevail in Germany as compared with England. It is a common thing in England for factories to close early in the afternoon (of Saturday), so that the workpeople are able to devote themselves to sport for the rest of the day. In Germany work is too intensive to allow of any time being given on weekdays to play.* This circumstance explains why German workmen take such a small part in sports. Our workmen have not learned games in their youth, and hence when grown up they are unable to follow them. The town building plans of the future must allow sufficient space for playgrounds, and both during the school term and in the holidays the children must be systematically taken to these playgrounds. For the children attending continuation schools games should be obligatory on Sunday afternoons. But above all the State should by law reduce the hours of labour, so that the workers may be given the opportunity of taking part in outdoor pastimes."

During recent years increasing attention has been given to the organisation of children's games. Many of the larger towns have laid out in central positions, easily accessible by children of the working and poorer classes, special playgrounds, with athletic contrivances for the older children and simpler resources of amusement, even to sandheaps and spades, for the infants. Similar arrangements are also provided in many of the colonies

* The German factory seldom closes before five o'clock on Saturday; generally it continues until six, and in many districts work is prolonged until seven.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of workmen's dwellings erected by philanthropic building societies. The Municipal Council of Berlin throws open a number of the schoolyards as playgrounds during the holidays, and latterly the plan has been adopted of taking children of both sexes daily to the fields and forest outside the town, there to join in games from morning until evening. Several hundred pounds a year are found sufficient to pay for these vacation games. The town of Charlottenburg has even bought a woodland playground for its children at a cost of £40,000.

It is interesting to know that no class of society co-operates more actively and intelligently in these various efforts to safeguard the health and vigour of youth than the Social Democrats. There is a widespread opinion abroad that the German Socialist wastes his energies too lavishly upon the pursuit of shadowy schemes of social reformation, upon political chimeras and pedantic discussions of economic impossibilities. No doubt much time is spent in these ways, yet in the domain of municipal politics, and in all movements which bear on the "condition of the people" problem, the Socialists are singularly practical and irrepressibly enthusiastic. The zeal and the deep sense of responsibility with which the local leaders and Press of Socialism have taken up the national health crusade in all its aspects deserve frank and cordial recognition. Here their practice strangely belies their precept; for while the theory of Socialism overlooks the individual and assumes that society can be transformed by wholesale methods, the attitude of the Socialists who are found in increasing numbers on public and philanthropic bodies shows that they are in no doubt that the family is the national unit, and that physical and moral reformation is an individual and not a collective process.

Not only so, but in spite of all their advocacy of the State training of children and of the loosening of the marriage tie the Socialists are among the foremost friends of childhood and of home culture. A recent conference of Social Democratic women, held at Mannheim, discussed the question of the ill-treatment of children, and "called upon all comrades to make it their duty to earnestly combat such atrocities." In some towns Socialist Children's Protection Societies exist for the purpose of bringing to light and to justice any evasions of the laws relating to the welfare of children. A well-known German labour journal wrote

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recently, "The workman's child of to-day is the workman of to-morrow. Hence whatever is done to-day for the children, in order to preserve them in health, will return a high interest in later years." In this spirit the Socialist party is everywhere loyally co-operating with the "burgher" classes—if not always side by side, still as a battalion in the same army of reform—in the various efforts which are comprehended in the great movement known as "social hygiene."

The efforts which the State and public bodies are making to promote the health and maintain the efficiency of the workers of maturer years—as by the insurance laws, the system of hospitals, convalescent homes, and sanatoria of all kinds, &c.—are incidentally referred to in other parts of this book, and have been described before for the benefit of English readers.* It must suffice to say in conclusion that the two movements, one concerned with youth and the other with age, are unquestionably achieving a work of great national value. In the early years of its epoch of industry Germany undoubtedly drew unduly upon the physical powers of its workers. Excessive hours of labour, underpayment, insanitary factories and workshops, the over-working of women and children, and bad housing are evils which Germany has no more been spared than other industrial countries, but these evils have been resolutely faced, and since the era of social reform opened in 1881 the conditions of industrial life have been immensely improved. Speaking of the insurance laws particularly, the late Imperial Minister for the Interior, Count Posadowsky, who described himself as a "Minister for social policy," stated in the Reichstag on February 6, 1906, "The great progress marked by our insurance laws is that in place of poor-relief we have given the workmen a right, a right which he has acquired through his participation in the contributions. I believe that we shall never again deviate from that system in Germany. To those who attack our social-political legislation because the working classes are ungrateful, I would answer that no State passes laws for the sake of obtaining gratitude. Further, it is necessary to ask what sort of conditions would have been developed if since the time the Imperial

* The monograph on "The German Workman: a Study in National Efficiency," by the present author (London: P. S. King & Son, 1906), deals solely with this question.

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Rescript (of 1881) was issued nothing had been done for the workers, in spite of the great expansion of our industry."

As to the factory legislation and regulations in general, not only do they afford to children and juveniles a greater measure of protection, in regard to hours and other conditions of work, than is enforced by the English Factory Acts, but many of their provisions for ensuring the health, comfort, and safety of all workers go beyond the limits which are thought sufficient in this country. On this question it is interesting to read a German working-class opinion. "Although the legal protection of the workers in Germany still leaves much to be desired," reports the deputation of Trade Union officials which visited English industrial towns in 1906, "it appears in general to be more advanced —excluding the legal status of labour—than in England. The contrivances for protecting machinery which we saw in the metal goods and textile factories were extremely defective; dressing and washing rooms are also more numerous in Germany. In neither of the three coal-mines visited did arrangements for washing exist at all. The workmen go home dirty, so that the miners of the Rhenish Westphalian colliery district, who both change their clothes and take a bath after every shift, are at a great advantage. In the blast furnaces and shipbuilding yards the workmen were exposed to the full force of wind and weather, where in Germany they would for the most part be under cover, or at least be protected against rain." * German employers find the cost of this labour legislation a heavy burden, and many of them grumble freely, yet those who look beyond the interests of the present recognise that what is good for the workman is ultimately good for industry and for capital, and it is from this far-sighted standpoint that the Government has consistently proceeded in developing its policy of "labour protection," and will develop it further.

Speaking of the tasks of the present Reichstag on February 26, 1907, Prince Bülow said, "I would especially like to emphasise the fact that the struggle [in the elections which had just taken place] was not aimed against the German workman but against political and revolutionary Social Democracy. The federal Governments, the burgher parties, and this assembly will prove this to the German workman by the continuance of that

* "Gewerkschaftliche Studien in England," p. 26.

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social legislation in which Germany up to the present has led all other countries." Political parties in the Reichstag are in general united in adopting this attitude, but they are not blind to the fact that a strong spirit of opposition to further social legislation prevails for the moment in industrial circles, which hold that the workman has received his due, and that employers may reasonably claim immunity from additional burdens for some time to come.

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CHAPTER XVII

NATIONAL EXPANSION

Prince Bismarck's idea of Germany as a "satiated State —His conceptions of foreign policy—The modern development of *Weltpolitik* in Germany—*Weltpolitik* an economic necessity for Germany—The pressure of the population question—Dr. P. Rohrbach on Germany's economic limitations—The alternatives open to Germany: emigration or new trade outlets—The national food question—Limits of Germany's corn-growing capacity—The ideal of the agricultural State threatened—The present and possible density of population in Germany—A Socialistic view of *Weltpolitik*—German mercantile competition is bound to become more severe—The possibility of emigration—Germany's colonies of little value for settlement purposes—Emigration has greatly decreased during recent years—Pan-Germanic projects offer no solution of the population problem—Attention turned to South America and Asia Minor—The German colonies in Brazil—The Bagdad Railway and German expectations—The policy of the open door—The extension of Germany's sea power—Popularity of the "large navy" movement—Two motives in operation, the economic and the political—The Emperor the true director of naval policy—His conceptions of world-policy—The naval construction programmes—The nation united in calling for a large navy —The forces behind the movement—The Navy League and its propagandism—No possible finality in naval programmes—Official statement of the German position—England's attitude.

THE foreign policy pursued by Prince Bismarck after the French war and the rectification of the Western frontier which followed it was based on the maxim that Germany had reached the limit of territorial ambition; it had become a "satiated State," and needed no further expansion. Nor was this maxim merely professed in the hope of reassuring those nations which were inclined to view the rise of the new Empire with suspicion and alarm. It was Bismarck's fixed conviction that Germany had henceforth nothing to ask of other nations save the right to strengthen its frontiers and develop its resources

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in peace, and so long as he held power together with responsibility, German foreign policy continued to be conducted on these lines.

It is remarkable how seldom Bismarck spoke of world-policy. Half, and more than half, of his official life was spent in tying and untying knots in foreign affairs, but in those days foreign politics meant in the main the relationships of half a dozen European States with each other, and with the other Continents the European Concert concerned itself but little. Bismarck did, indeed, early in the 'eighties, turn his glance across the seas when, almost against his will, he was persuaded to acquire colonies, yet the colonial movement which he inaugurated never became in his time part of a project of world-policy, and when it did so it departed from the principles which he laid down.

To-day an altogether different conception of foreign politics prevails. Whereas Europe was at the centre of the old circle of ideas, it is now at the periphery; the great questions with which the vital interests of the progressive European nations are bound up relate to the future of the Eastern empires and races. The populations of Western Europe are already outgrowing their geographical and economic limits, and it is recognised that their capacity for expansion depends upon the opening up of new and receptive markets in other parts of the world, in which manufactures can be exchanged for food—the products of industry for the produce of the soil. These considerations, amongst others, have widened the old formulæ and transformed European policy into world-policy, and in accepting the new order of ideas Germany is simply pursuing its inevitable destiny.

The politician naturally looks exclusively to political causes for an explanation of the *Weltpolitik* which Germany is nowadays following; he sees in it part of a deep-seated design against the existing balance of power in Europe; attributing it to territorial ambition pure and simple, he assumes that its ultimate aim is nothing less than a redistribution of colonial empire. It is no part of the present purpose to follow these lines of speculation, or even to inquire how far they are applicable or judicial; disregarding merely hypothetical motives of national policy, the candid student of Germany's position finds himself confronted by economic facts which alone

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sufficiently explain why Germany is to-day turning its attention with increasing urgency to the expansion of its influence abroad. A glance at the following figures, showing the growth of the Empire's population since Bismarck adjusted the national frontiers in 1871, and having done that declared that Germany was a "satiated State," is enough to explain this outward look:—

Year.	Population.	Increase.	
		Absolute Increase.	Per Cent.
1870	40,818,000	—	—
1875	42,729,000	1,911,000	4·7
1880	45,236,000	2,507,000	5·9
1885	46,858,000	1,622,000	3·6
1890	49,428,000	2,570,000	5·5
1895	52,280,000	2,852,000	5·8
1900	56,367,000	4,087,000	7·8
1905	60,641,000 (estimated)	4,274,000	7·6
1907, June 12	61,697,000	1,056,000	—

These figures clearly prove the gravity of the population problem by which Germany is threatened. Since Bismarck spoke of "satiety," and based his foreign policy on the idea that all Germany had henceforth to do was to keep its domestic affairs in order, over twenty millions have been added to the inhabitants of the Empire. At the present time the annual increase of population is over 800,000;* owing to the steady reduction of the death-rate, and especially the rate of infantile mortality, the increase will before long amount to a full million; and the German authority is probably under than over the mark who estimates that by the year 1925 the population of the Empire will be eighty millions, or nearly twice its number when Bismarck spoke of territorial finality.

The questions which these facts raise are, of course, primarily physical and economic: Where will this large population live; how will it be employed; how will it be fed?

Discussing the population problem in a recent work, Dr. Paul Rohrbach says: "Our land and climate, under the conditions

* These lines were written before the vitality statistics for 1906 were published. The births in that year numbered 2,002,477 (still births excluded), the deaths 1,112,203, showing a natural increase of 910,274. The natural increase in 1905 was 792,839, in 1904 it was 862,664, and in 1903 812,173.

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that will continue as far as one can foresee, allow of the production of corn for some forty million people. Hence it will be necessary to buy bread from abroad, not to the extent of one-sixth or one-fifth as now, but of nearly one-half. How will this bread be paid for? Whoever buys from abroad must give back in return either money or goods. But we do not possess a single commodity which we can produce in such quantity that it can be an equivalent for this foreign bread. We have neither precious metals in any great abundance, nor valuable plants, nor coal, iron, and ores in superfluity. Not only so, but we manufacture hardly any of the raw materials necessary for our industry in adequate quantities at home. We import iron, copper, wool, and flax; we do not possess a single fibre of cotton or silk, not to speak of less needful stuffs. The only way of purchasing food for those for whom none is produced at home is by importing raw materials from abroad, manufacturing them, multiplying their value by the process, and then paying other nations who need our products with this increased value which our labour has given to the original material." *

Again :—

"The increase of our population is 800,000 yearly (1903). No ingenuity and no exertion can bring the food of these 800,000 people out of the ground. The number of those who must live on foreign corn increases, and the increase will soon be a million a year. Whoever cannot get rid of this million is bound to answer the question how otherwise he will feed them than by the produce of our industry—in the manufacture of raw materials brought from abroad and the sale of our own products to foreign nations, or the produce of the capital created here and invested abroad. If that is so, then for Germany all questions of foreign politics must be viewed from the standpoint of the creation and maintenance of markets abroad, and especially in transoceanic countries. For good or ill we must all accustom ourselves in our political thinking to the application of the same principles as the English. In England the determination of foreign policy according to the requirements of trade, and therefore of industry, is an axiom of the national consciousness which no one any longer disputes. If the possibility of disposing of its industrial products abroad were one

* "Deutschland unter den Weltvölkern," pp. 10, 11.

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day to cease or to be visibly limited for England the immediate result would be, not merely the economic ruin of millions of industrial existences on both sides of the ocean, but the political collapse of Britain as a Great Power. Yet the position is not materially different for ourselves." *

One cannot but think that if this fundamental fact of Germany's enormous annual increase of population were intelligently grasped much of the unfortunate polemic to which that country's industrial expansion still gives rise in certain quarters would be moderated. This annual increase, which is already almost equal to the combined increases of the United Kingdom, Austria-Hungary, and Italy, with France thrown in, must exist and must maintain its existence by labour. Short of strangling its infants at birth, only two possible courses are open to Germany so long as its population continues to increase at the present healthy rate, viz., the multiplification of its industrial occupations or emigration on a scale never experienced before. Stating the facts more concretely, Germany is to-day compelled by certain irrefragable facts of its life as a nation—its growth of population, its limitations of territory, natural resources, and climate, its inability to feed the increasing millions of its workers—to seek and to find either (1) outlets for such population as cannot be maintained at home in a New Germany across land or sea, or (2) if for the present the population is to remain at home, and as a consequence be maintained by industry, new markets which shall be able to receive an enormously increased industrial output in exchange for food. The position of Germany is that of a prolific nation which is growing beyond the physical conditions of its surroundings.

How serious the population question appears to Germans who have studied it—and in one phase or another the question comes up in most of the current economic literature—may be judged from the following passage in Dr. Rohrbach's book, already mentioned:—

"That feeling of 1870–1871 which finds expression in the poems of Geibel and his consorts, in verses like—

'Glorious shall ever stand
Our German fatherland,'

* "Deutschland unter den Weltvölkern," pp. 11, 12.

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which created the German self-consciousness after the conquest of France as a sort of lyrical-romantic pendant to the Bismarckian dictum about 'satiety,' and which even to-day passes in the elect 'patriotic' circles as the officially accredited expression of German national sentiment—this feeling must be rooted out and must give place to the sober resolution, the clear and positive determination, to acquire national power—a resolution and determination proceeding from the knowledge that we are by no means surrounded by a halo of glory, but stand in the midst of a profoundly dangerous crisis, a crisis which will try all our powers, and will determine our part in the history of the world for centuries, if not for ever."*

There is no reason to believe that the corn-growing capacity of the country is as yet exhausted, yet it is a fact which points its own moral that in spite of the careful protection of the agricultural industry the production of food corn, while it increases absolutely, has ceased to keep pace with the growth of population. Nor is there the least likelihood that any measures which legislation and individual enterprise may together adopt will to any appreciable degree diminish the relative deficiency which has already set in. Several incontrovertible facts speak against any such expectation. Short of a sliding scale of duties, devised so as to maintain the price of corn under all circumstances at a given height above the level of the world-market, the home corn-grower, driven more and more by dearer labour and higher rents to a more intensive cultivation of the soil, cannot hope to compete with countries which have the advantage of low costs of production, whether caused by cheap labour, as in Russia, or low rents, as in Argentina. Meantime, he finds it increasingly difficult to obtain labour in consequence of the competition of industry and the towns—the former offering higher wages than agriculture can possibly pay, and the latter amenities of life which have an irresistible attraction for the rural labourer who has served his two years in garrison. Further, owing to these facts, an increasing number of agriculturists are recognising that their greatest hope lies in a change from arable farming to grazing, and every tendency seems to point in the same direction, not least the movement for the multiplication of small owners. The best that can be hoped,

* Dr. P. Rohrbach, "Deutschland unter den Weltvölkern," pp. 7, 8.

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therefore, is that for a time corn-growing will hold its own, yet it is also inevitable that the greater the amount of food that has to be imported the heavier will become the charge on the national income caused by the corn duties, until the burden reaches the straining-point. Should these duties be withdrawn, however, corn-growing will necessarily give way still more to other forms of agriculture and to industry.

If, however, the yearly increase of population cannot be kept on the land the only outlets for its labour are trade and industry; in other words, the ideal of the agricultural State must be sacrificed. On this supposition Germany will, for a long time to come, have room not only for its existing population but for the yearly increase of a million inhabitants which appears imminent. At the present time the population of the Empire only averages 300 persons to the square mile (comparing with about 200 in 1875), while that of the two most industrial countries of Europe, England and Belgium, exceeds 600. Even in Germany there are States which, without showing any signs of congestion, maintain a far larger ratio of population than the Empire as a whole. Saxony has 780 inhabitants to the square mile, and even in Prussia, whose ratio is only 278, the province of Rhineland has a density of 620 inhabitants to the square mile, and the province of Westphalia one of 465. That Germany, even as an industrial State, could hope to support a population as dense as that of the two industrial provinces of the North-West, which together have at the present time 550 persons per square mile, is hardly to be expected. For that the natural resources of a large part of the country are too poor, a fact which explains why, for example, whole provinces in the East of Prussia have not half the relatively low density of the Empire as a whole. Between a present national ratio of 300 persons per square mile and the ratio of the West of Prussia there is, however, a difference which represents a population of some forty millions, and within that limit there is clearly a very considerable capacity for expansion. This expansion, will, however, be on industrial and not on agricultural lines. It has, indeed, been estimated that there are ten million acres of moorland and other waste land which could be brought under cultivation and which would provide holdings of 25 acres for 400,000 families, but the aggregate population so represented is only equal to two years' increase.

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But the increase of industry implies the increase of markets, for to the extent that food must be bought abroad commodities must be sold there. It is interesting to note the impression made by this aspect of the problem upon the mind of a clear-thinking Socialist writer, Herr Richard Calwer, who cannot be accused of Chauvinism. Herr Calwer writes in the "Sozialistische Monatshefte":—

"Truly Germany occupies no pleasant position in the world-market. On the one side there is England, blessed with its colonial empire, which more and more approaches towards the goal of an Imperial Customs Union, and on the other side there is the North American Union, which not only regards South America as its domain, but because of natural, technical, and economic reasons, is in many respects superior and dangerous to us. For the present Japan and Russia may be left out of our calculations. Between the two stands Germany, which is maintaining an extremely difficult struggle, not merely for the maintenance and expansion of its markets, but for the protection and cheapening of its supplies of raw materials. We have a yearly increase of population amounting to about 900,000. Our agriculture is not able to feed this increase, and it must for the most part be thrown on the industrial labour market. The industrial production of Germany, therefore, will increase, and must increase more rapidly than in any other industrial country which competes with us. But for our increasing production we need to find a sale, and one on as favourable and healthy conditions as possible, and measures must also be taken to secure adequate supplies of raw material."

Unpleasant though the prospect must be for older industrial nations, which see themselves threatened from several sides simultaneously, German competition in the world markets will inevitably become more severe. The individual industrialist pushes forward his trade outposts for personal advantage, but to the nation collectively extended markets are a condition of life.

There remains the alternative of emigration, and it is one to which Germany is fully alive. Here, however, Germany is handicapped by the fact that, owing to its late appearance in the field as a colonial Power, few territories under its protection are suited to the settlement of Europeans. Germany, indeed, does not possess colonies in the true sense. Its colonial empire is

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composed of protectorates and dependencies, bureaucratically governed from Berlin, situated for the most part in tropical countries, which are suited only for plantation enterprises worked by native labour. The one dependency which seems to offer possibilities of genuine colonisation is South-West Africa, large portions of which, in Damaraland and Namaland, are not only very fertile but enjoy a temperate climate and seem likely, when abnormal conditions have ceased to exist, to be the home of a considerable agricultural colony. Whether South-West Africa is able to receive population on the same scale as the Cape Colony in the South, as the German Colonial Secretary maintains it is, depends altogether upon the character and extent of its undeveloped mineral wealth, and this for the present exists only in report.

In general, however, Germany's foreign possessions are unsuited to colonisation on a large scale, and the consequence is that its emigration movement represents an absolute loss to the Empire. During the past thirty years (1876 to 1906) no fewer than two and a quarter million Germans have left the mother country, and with exceptions so few as to be relatively insignificant have made their homes under foreign flags, and for the most part in the United States. The destinations of the 1,085,124 emigrants who left Germany between 1887 and 1906 were as follows:—

United States	1,007,547
Brazil	24,072
Other American States	36,184
Australia	5,390
Africa	9,698
Asia	2,233

The loss to the Empire of this emigrant population is naturally a sore point with all patriotic Germans, and is an argument for colonisation with which outsiders can cordially sympathise. At the present time, it is true, the emigration figure is very low, amounting to an average of 30,000 during the past six years, but twenty years ago it exceeded 100,000 annually, a little earlier it exceeded 200,000, and it would be unsafe to predict that the tide will not again turn.

It is evident that no mere extension of its European boundaries would afford Germany permanent relief. Whatever reality there

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may be in the ideals and endeavours of the Pan-Germanic movement, Pan-Germanism offers no solution of this population problem. It is conceivable that the German-speaking portions of the Austro-Hungarian Empire may eventually throw in their lot with the more progressive Empire in the North; it is barely conceivable that at some remote period German-speaking territories outside the old "Holy Roman Empire of the German Nation" may pass under the Imperial eagle, but territorial extensions of this kind would in no way abate, and might even increase, the economic pressure of the population question.*

The idea which is nowadays gaining ground is the establishment in undeveloped and spacious countries of temperate climate of German settlements, on the model of those in South Brazil, which shall act as pioneers of German influence, enterprise, and trade.

"We must resign ourselves in all clearness and calm to the fact that there is no possibility of acquiring colonies suitable for emigration," writes Dr. P. Rohrbach. "But if we cannot have such colonies it by no means follows that we cannot obtain the advantages, if only to a limited extent, which make these colonies desirable. It is a mistake to regard the mere possession of extensive transoceanic territories, even when they are able to absorb a part of the national surplus of population, as necessarily a direct increase of power. Australia, Canada, and South Africa do not increase the power of the British Empire because they are British possessions, nor yet because a few million British emigrants with their descendants live in them, but because by the trade with them the wealth and with it the defensive strength of the mother country are increased. Colonies which do not produce that result have but little value; and countries which possess this importance for a nation, even though they are not its colonies, are in this decisive point a substitute for colonial possessions in the ordinary sense."†

For the present it might seem that Germany's eyes are turned to three directions—to Brazil, Argentina, and Asia Minor. It is recognised that the way to colonial empire in

* It is estimated that the German-speaking people of the world number 86,000,000. Of these some 72 per cent. live in the Empire; the vast majority of the remainder are distributed in Austria, the United States, and Switzerland, but only a fraction of them are citizens of the Empire.

† "Deutschland unter den Weltvölkern," pp. 159, 160.

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South America is blocked by the Munroe Doctrine amongst other practical difficulties, but that doctrine does not apply to settlements, and it has not prevented the establishment in the southern parts of Brazil of several large German colonies which both multiply and prosper. According to a recent estimate the Germans now resident in Brazil number some 400,000, the great majority being settled in the southern States of Rio Grande do Sul, Parana, and Santa Catharina, while a small number are found in San Paulo and Espirito Santo, in the north. This population is for the most part the result of natural increase, for of late years emigration thither has greatly declined. Twenty years ago the yearly average was some 2,500; of late years it has fallen below a third of that number owing to the great decrease in the general stream of emigration. It is held that Germanism in Brazil might still be indefinitely strengthened by well-directed emigration, and that settlements might, with equal prospects of success, be established in Argentina, Uruguay, and Paraguay.

In Near Asia, too, German colonisation is by no means of recent origin. There are in Transcaucasia agricultural settlements established by Würtemberg farmers, whose descendants, in the third generation, live in their own villages, and still speak their native language. In Palestine there are the German Templar colonies on the coast, which have prospered so well as to excite the resentment of the natives. The building of the Bagdad Railway has turned German attention to the fertile regions of Anatolia and Mesopotamia, though rather with the idea of commerce than of possession. How far Turkey might be willing to encourage German settlement there on a systematic basis is a problematic question which cannot be decided by the present amicable relationships between that Power and Berlin. The fact that German enclaves would mean the presence of an alien religion and an alien culture in the heart of the Ottoman Empire is an objection which will hardly give way before the exchange of diplomatic courtesies. Either these colonies would bring their own institutions and cultivate their own customs and laws, each constituting itself a State within a State, or they would live under and be subject to Turkish laws, which would be intolerable. Enthusiastic advocates of colonisation call for the establishment, on terms to be arranged, of a German pro-

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tectorate over a prescribed territory; but while neither country is ready for such a measure the opinion is widely held in Germany that with the eventual disintegration of the Sultan's dominions Asia Minor will naturally fall to the Northern Empire. Certainly it would be wise if England accustomed itself to the idea that Germany may look for relief to that quarter.

These are speculations of the future, however, and they do not alleviate the need of the moment. That need is new trade openings. No disguise is made of the fact that German industry builds great expectations upon the Bagdad Railway, which it regards as the key to new markets in which Germany will have a preponderant position. "It is possible," writes Dr. Rohrbach, who has for years directed attention to the commercial possibilities of this part of the Ottoman Empire, "that there is a great future for Germany in Turkish Asia. But Germany's political attitude to Turkey is unlike that of all other European Powers in that, in complete sincerity, we ask not a single foot of Turkish territory either in Europe, Asia, or Africa, but have only the wish and the interest to find in Turkey—whether its domination be in future restricted to the Asiatic provinces or not—a market and a source of raw materials for our industry, and in this respect we advance no other claim regarding other nations than that of an unconditional open door."* The attitude of the commercial world was recently stated as follows by the *Cologne Gazette*: "The Bagdad Railway means for the Turkish Empire the opening up of large territories, for Germany it is simply an enterprise by means of which it may be possible to obtain for German capital and trade a new field of activity. German finance did its best to induce English and French capitalists to co-operate in the building of the line, and it is not to blame if they have refused to come in. It is ridiculous that German policy should be reproached with a desire to obtain a footing in Asia Minor to the injury of other foreign interests. We are doing in Turkey just what we are doing in other parts of the world—we are seeking new markets for our exports and new spheres of investment for our capital."

Still more recently an official *imprimatur* was placed upon this statement of German views in Asia Minor. Speaking in the Reichstag on March 24, 1908, Secretary of State von Schön

* "Deutschland unter den Weltvölkern," pp. 52, 53.

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said: "He trusted and believed that, in accordance with the predominant part which Germans had taken in initiating and financing the scheme, German influence would remain predominant in the enterprise. But all the assertions which had been advanced with regard to German political schemes in connection with the railway, or with reference to an alleged plan of German colonisation in the districts through which it passed, were pure inventions."*

An interesting light is thrown upon the singular faculty of the German for combining "idealism" with "realism" by Dr. P. Rohrbach's plea that his countrymen will put away all thoughts of acquiring territory in Asia Minor and seek to establish influence there by a well-directed conjunction of philanthropy and business. Remembering the pioneer work which has been done by the Italians in the Levant with schools and by the French in other parts of the Turkish Empire with hospitals, he advises Germans to employ the same means of winning the confidence—and obtaining the orders—of the people of Mesopotamia and Babylonia.

"From these two things, the school—that is, the making accessible to the people of the German language, with a certain acquaintance with German culture—and more especially medical institutions, the most fruitful efforts in the strengthening of the economic relationships between giver and receiver will be obtained. Every penny which is expended in this way in Turkey from to-day forward will in due time be converted into a certain import value. That is the policy which we should follow in the territory opened up by the Bagdad Railway." †

One aspect of the opening up of Anatolia would hardly appear to have received the attention it deserves, viz., the probable results for the German corn-growing industry. If, as one authority has estimated, the new railway will eventually enable corn in good years to be placed on the German

* Such an avowal of legitimate ends is more conciliatory than the plea put forward by a prominent member of the Reichstag that Germany's only interest in the Bagdad Railway is archæological. Baron von Hertling stated on April 30, 1907: "It is true that a German corporation obtained the concession for this railway from the Ottoman Government in 1904, and we have every inducement to use German capital in opening up that old centre of civilisation for the purposes of science and exploration, but that political considerations are involved would never occur to me."

† "Deutschland unter den Weltvölkern," p. 177.

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frontier at the price of £4 5s. per ton, the new railway will be likely to accentuate the existing feud between industry and agriculture.

In trade efforts of this kind, whether in Asia Minor or in other parts of the world, there is no necessary reason for conflict or misunderstanding between Germany and other countries; the only rivalry is in brains, energy, and resource. Apprehensions on that score will also be diminished the more firmly and loyally Germany adheres to the policy of the "open door" which Great Britain has followed in every part of the world, to the immeasurable advantage of international trade and the equal enrichment of other nations with itself. That this policy still holds the field in Berlin may safely be concluded from the public declaration deliberately addressed through the delegation of British journalists to the British Government and people by Dr. von Mühlberg, Under Secretary for Foreign Affairs, on May 29, 1907. "Everywhere in Asia and in Africa," he said, "Germany has only one aim—the open door. I believe that it is just on this point of policy that we could meet and count on your support. Everywhere in the world where Great Britain has brought any country under her influence she has never suppressed the trade development of other lands, as many nations have done to their own detriment. You have always devoted your energies and labours to the opening up of the country's sources of production, and bringing it nearer to civilisation and progress. You have never excluded other States from territories under British influence, but allowed them to go in along with you. This policy of yours is now celebrating one of its greatest triumphs in Egypt. The policy of my Imperial master shares this conception of the tasks and aims to which the civilised State must aspire. Here, I believe, is the connecting bridge which we can cross together and join hands upon without any prejudice to the friendships and alliances uniting your Empire to other nations." Such an attitude, while it cannot diminish the mercantile rivalry between nations, may yet do much to mitigate the conditions under which that rivalry is carried on.

There remains to be considered one other outcome of *Weltpolitik* as understood in Germany in the present day, and for England it has special interest. If new markets are necessary to Germany's growing population it is no less inevitable that its

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sea power will be increased, for the protection of its maritime trade, and not least, as the dependence upon foreign corn increases, its food supply. For the present this is the phase of *Weltpolitik* which holds the field. Indeed, it is hardly too much to say that the policy of naval extension has of late drawn German parties together as never since the ardent but short-lived military septennate incident of twenty years ago, and that, more than any other movement, it enlists the enthusiastic and undivided attachment of the nation.

Two motives influence different sections of the nation. The one is the legitimate desire to see the German navy brought to such a standard of numbers and strength that the national interests on the sea and in distant lands may at all times count upon prompt and efficient defence. The other motive, which is supplementary to this, and by no means antagonistic to it, is the ambition for a larger "place in the sun." The first of these motives may be illustrated by some words recently written by Professor F. Paulsen, one of the warmest advocates in Germany of a good understanding between that country and Great Britain. "The German Empire," he says, "has participated in the policy of expansion out of Europe—at first modestly, of late with growing decision. The enormous increase of its industrial production and its trade compelled it to take measures for the extension and the security of its over-sea interests. In the course of a single generation Germany, as an industrial and mercantile State, has worked its way into the second position in Europe; to-day England alone is ahead of it, yet by no great distance, and the distance decreases every year. The necessity of protecting this position by a strong naval force has during recent decades become a dominant factor in the political thought of the nation." *

The more political aspect of the question finds frequent recognition in the works of Dr. P. Rohrbach. "The question for us," says this writer, "is whether we shall devote all our strength in the determination to gain—or more truly to regain—for ourselves a place by the side of those nations now ahead of us; whether we shall maintain our position amongst the nations by which in the twentieth century and later world-history will be

* *Internationale Wochenschrift für Wissenschaft, Kunst, und Technik* (October 26, 1907), p. 18.

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made, or shall modestly agree to take a second place in the concert of world-policy." *

For practical purposes it is the Emperor who directs naval policy,† and who will direct it so long as he continues to rule as well as to reign, and he has left no doubt as to the considerations which underlie that policy. He, too, is naturally concerned that Germany's maritime interests, its foreign trade, its colonial empire, its citizens in foreign countries, and the security of the home coasts shall be able to rely upon efficient defence.

"The German Empire has become a world-empire," he said on January 18, 1896, on the twenty-fifth anniversary of the foundation of the Empire; "thousands of our German countrymen live in all parts of the globe. German goods, German knowledge, German enterprise go across the ocean] The values which Germany carries upon the sea figure at thousands of millions [of marks]. It is your solemn duty to bind this greater German Empire fast to the Empire at home." "Imperial power," he said further on December 13, 1897, "denotes sea power, and Imperial power and sea power are complementary; the one cannot exist without the other."

Yet, while basing his claim for a strong navy on the needs of Germany's foreign trade and colonial empire, the Emperor recognises that greater prestige as a world-Power can only be obtained by a policy of naval expansion. "The wave-beat knocks powerfully at our national gates," he said on July 3, 1900, "and calls us as a great nation to maintain our place in the world—in other words, to follow world-policy. The ocean is indispensable for Germany's greatness, but the ocean also reminds us that neither on it nor across it in the distance can any great decision be again consummated without Germany and the German Emperor. It is not my opinion that our German people conquered and bled thirty years ago under the leadership of their princes in order to be pushed on one side when great and momentous foreign decisions are come to. Were that so

* "Deutschland unter den Weltvölkern," p. 149.

† The right belongs to him under article 53 of the Imperial Constitution: "The navy of the Empire is a united one under the supreme command of the Emperor. The Emperor is charged with its organisation and arrangement, and he shall appoint the officers and officials of the navy and in his name these and the seamen shall be sworn in."

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there would once for all be an end of the world-power of the German nation, and I am not going to allow that to happen. To use the fittest, and if necessary the most drastic, means to prevent this is not only my duty but my noblest privilege."

It is not necessary to weigh too critically winged words like "The trident must pass into our hands" or "Our future lies on the water," for their author has never attempted to conceal his ambition to see Germany as strong on water as on land. "Notwithstanding the great war," the Emperor said at Bremen in March, 1905, "the period during which I grew to man's estate was neither great nor glorious for the seafaring portion of our nation. Here, too, I have drawn the logical conclusions of that which my forefathers have accomplished. At home the army had been developed as far as was necessary. The time for naval armament had come. To-day . . . the fleet is afloat, and is still being built. Every German warship launched is one guarantee more for peace on earth, yet it also means that our adversaries will be so much less inclined to pick a quarrel with us, while it will render us by an equal amount more valuable as allies."

So far as the Emperor is concerned the policy of naval extension is no new thing, and he can fairly claim that he is merely reaping to-day the fruits of years of vain endeavour. It was not without significance that on coming to the throne he addressed a special message to the navy, reminding it that "since my earliest youth I have been connected with it by a cordial and vivid sympathy." He had only been on the throne several months when (September, 1888) he placed the increase of the navy in the forefront of national questions. "I hope," he said, in reviewing the fleet at Wilhelmshaven, "that the navy will powerfully grow and contribute to the defence and strength of the fatherland and the security of its coasts." The desire to see the navy strengthened dated much further back, however, for at Bremen in March, 1905, he told how "as a young man as I stood before the model of Bromme's ship,* it was with feelings of resentment that I realised the disgrace which had fallen on our fleet and the flag we flew in those days." Even more powerful

* In 1853, by resolution of the old Imperial Diet at Frankfort, the federal fleet, including the flagship of Admiral Bromme, was sold by auction.

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than those early impressions was that "drop of sailor-blood from my mother's side" which, as the Emperor has reminded us, flows in his veins, and "gave me the clue as to how and in what manner I was to frame my conception of the duties which henceforth lay before the German Empire" (March, 1905). For a long time he piped to hearers who did not dance, and eight years passed before the Reichstag granted the reformed Admiralty a vote which enabled it to undertake the reorganisation of the navy in earnest, so "setting its hand to a work which will receive the grateful appreciation of coming generations." *

The construction programme of 1900 marked the definite triumph of the large navy party. That programme was intended to bring the navy by the year 1920 to a strength of 38 line ships and 14 large cruisers, based on a life of twenty-five years. A further addition was made in 1906, however, and again in the present year, owing to the reduction in the age of ironclads from twenty-five to twenty years, and according to present intentions 17 line vessels, six large cruisers, and 19 small cruisers will be laid down between now and 1917. Nevertheless, even with these additions, the view generally held in Germany is that the present programme is definite as to the immediate future only, and that even before 1912 supplementary proposals will be made. The assumption that German shipbuilding yards are not able to meet larger demands is, of course, groundless. With a guarantee of regular commissions, the yards on the Elbe and Weser and the Baltic coast would speedily develop an output capacity equal to any conceivable requirements. In the present year (1908) there are building in Germany 7 battleships and 3 large armoured cruisers, 6 small cruisers, and 3 gunboats, with 24 torpedo-boats, and a large number of submarines.

What this naval extension policy means may be judged by the fact that while twenty years ago the naval estimates amounted to three and a half million pounds and ten years ago to less than five millions, the programme for the next ten years is based on an average annual expenditure of nearly twenty-one millions, more than half of this expenditure being ear-marked for new ships and armaments. Twenty years ago the navy was manned by fifteen thousand officers and seamen,

* Emperor's Speech from the Throne on May 6, 1896.

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ten years ago the number was twenty-three thousand, to-day it exceeds fifty thousand.

At the present time all parties are favourable to the rapid increase of the navy, and it is significant that even the Radicals, the traditional friends of economy, who would have abandoned the colonies several years ago because of their cost, have of late urged the Government to go beyond its own programme.

It is of immense importance that the strength of this movement should be understood. Making allowance for a few hot-headed Chauvinists, there is no brag, no truculence, no menace about the movement; its greatest significance lies in the fact that behind it are the deliberate will and calm resolution of a united nation. The whole influence of the universities is on the side of this movement and of the Imperialism of which it is at once the effect and the cause.* Behind the large navy party are also powerful industrial interests, with a vigorous and well-directed advocacy in the Press and not a few spokesmen in the Reichstag. The Rhenish-Westphalian iron and steel industrialists call for a navy whose cost shall at least be equal to 5 per cent. of the sea-going trade, an insurance premium equal at present to about twenty two and a half millions a year. Even the Socialists as a party are by no means hostile to the building up of a strong naval force, in spite of the hypercritical attitude of some of their parliamentary leaders, an attitude best explained by the maxim that it is the duty of an Opposition to oppose. Before the navy question entered its present stage of popularity the Socialist Herr R. Calwer wrote:—

"To-day, when Germany is the equal, economically, of England and the United States, and is compelled to take up an attitude towards all questions of world-politics in the interest of its industry, the naval policy of modern industrial States may indeed be severely condemned, but it cannot be expected of one's own country that it shall take up an exceptional position which might be fatal. As matters are to-day the *prestige* of a State

* The Berlin conference of professors and representatives of learning and science to which the new Colonial Secretary unfolded his colonial programme in January, 1907, adopted the formal resolution that "a great civilised nation like the German nation cannot permanently restrict itself to internal politics, but must take part with the other great nations in colonial and world-politics," and formed a standing committee to make propagandism for the cause, "without direct participation in party warfare."

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abroad depends on its readiness for war both on sea and land." *

A striking proof of the hold which the naval extension policy has obtained upon the national imagination may be seen in the remarkable growth of the Navy League and the popularity of its propagandism. It is only ten years since the Navy League was established, yet it has to-day a membership, individual and corporate, of over a million, and its recent growth has been at the rate of a hundred thousand annually. Nor is its influence limited to the maritime States, for inland Saxony contributes a quarter of the members. It has branches in every town and in almost every village; members of the reigning houses are its most energetic workers; its maps and charts, illustrating and comparing the navies of England and Germany, are found in tens of thousands of schoolrooms, libraries, and offices, and it keeps the country literally deluged with pamphlets and leaflets in advocacy of the large fleet policy. The Government takes care to disown the ambitious shipbuilding programmes which the League puts forward from time to time, yet it would be very unwilling to deny that the League's effective agitation affords substantial help to the policy of naval extension, and moreover there is an unmistakable tendency for the League's programmes to translate themselves into fact.

The League is distinctly Chauvinistic in spirit, though it also fosters much genuine and healthy patriotism. The tone which prevails in its ruling circles may be judged from a passage taken from a speech made by Major-General Keim (since deposed from his seat owing to his anti-Roman Catholic agitation in the last elections) at the annual meeting held in Cologne in May, 1907:—

"The German Navy League is twenty times as large as all other Navy Leagues in the world together. Even the English Navy League has written to us asking an explanation of how we have succeeded in growing so quickly. We have sent the English Navy League our rules, and with our usual courtesy have given it advice and directions. But our rules have not made this success; rather has the spirit that lives in the League. For that reason no Navy League in the world can imitate us. The spirit upon which we are founded is that of German

* *Sozialistische Monatshefte*, November, 1905.

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idealism. Our navy recognises only one flag, 'black, white and red,' and this symbol of German unity, the war flag, we shall maintain, for in it is incorporated the idealism of the German nation. It is the duty of the Navy League to spread amongst the nations the conviction that we urgently need a strong fleet. Our entire political relations with foreign countries depend upon the question of power. The Imperial Chancellor may write the prettiest notes, but the world always asks what lies behind. And because the Powers know that behind Germany there stands a victorious army, they say, 'We had better take care.'

"But that does not apply, alas! to our navy, and so we must work unceasingly for the rapid increase of our fleet. Germany builds ships more slowly than any other Power. If, according to the senseless proposal made to the Hague Conference, the building of new ships were to be suspended, England would have 100 vessels of war, France 49, the United States 40, Germany 32, and Japan 28, and remember also that England and Japan build a far larger type of vessel than we. Japan nowadays builds vessels of 22,000 tons in two years, while Germany needs four years to build armoured vessels of 13,000 tons,* and, as the English Admiralty has lately said, the State which builds most quickly has the cheapest and the most modern vessels at command. For the enormous numerical superiority of almost all States which concern us we have no sufficient equivalent in technical matters. In face of these brutal figures even the best spirit and the most willing sacrifice are of no avail. There is no great political art in dictating laws and concluding alliances everywhere when one has such a navy as the English. But for that reason the German nation should not be told that it has no reason to be nervous. If one is in questionable company, where a couple of rascals are armed with cudgels and one has only a walking-stick oneself, the situation is by no means pleasant."

It may be true for the present that, as a responsible German journal recently stated, "No single person in Germany cherishes the hope that the German navy will one day be equal to that of England, much less be superior to it." Yet it is fair to conclude that the hope is only disowned because the possibility of its realisation seems so remote, and even those who most readily

* A statement which must have surprised the German shipbuilding yards.

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concede Germany's right to frame its naval policy according to its liking, and who are entirely convinced that that policy conceals no sinister designs against other Powers, will decline to believe that there can be any finality about the latest or any future naval programme. Whatever its present intentions may be, having decided that it will have a strong fleet, Germany will find it impossible to impose any limits to the size of that fleet other than those which financial considerations may dictate. The very logic of facts—those facts which are held to justify the naval construction schemes now regarded as sufficient—will compel it to go forward, and so armaments which are honestly spoken of as superfluous to-day will be found necessary to-morrow.

No one can doubt this who has watched the remarkable change which has come over German public opinion on the navy question during the past few years. To give one illustration only: it was only in 1905 that the leading organ of the commercial, anti-military Radical party of Prussia, the *Vossische Zeitung*, said in disparagement of a navy scheme of that day, "The more eager and excited the demands which, with the fullest publicity, are advanced for a considerable increase in the German navy—an agitation which does not scruple to hint at the possibility of war with England—the stronger will be the inducements for other States, and, in particular, for Great Britain, to strengthen their own naval forces. The boundless extravagances in which the spokesmen of the Navy League indulge may easily produce a result which was not contemplated. The more 'shouting' there is in Germany the more ships will England build." Yet two years later the same journal wrote, when the proposal of a still larger scheme led to controversy abroad, "Why is Germany put in the foreground in discussions of the armament question? The Government's plans have been publicly explained, and have been sanctioned by the Reichstag. England will surely not express or indicate a wish in Berlin that the new German Navy Bill shall not be carried into effect? If the English believe that in spite of their friendly relations with France and Japan, and in spite of their understanding with Russia, they must lay down two ships of the same type for each one that Germany lays down, we ought not to be made responsible for the increase of the English Naval Estimates."

It must be clear to all who have watched the gradual crystalli-

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sation of the large navy idea in Germany, and who are able to appreciate the apprehensions to which the twofold problem of population and foreign trade gives rise, that little chance exists of the acceptance of the *status quo ante* policy. Many of Germany's critics will say that in providing for more or less remote contingencies the German nation is needlessly anxious. But foresight is the essence of statesmanship, and Germany cannot be blamed because it refuses to accept the idea that national policies can be constructed from day to day, according to the chances and accidents of the moment. It is well to remember that the war of 1871 was in reality won sixty years before, when Prussia introduced the system of universal military service; that the foundation of Germany's modern industrial triumphs was laid in the eighteenth century, when Prussia and Saxony enacted compulsory education; that the singularly successful administration of German towns which is being to-day so diligently studied, and which well repays all the study given to it, is the fruit of laws and decrees, elastic and infinitely adaptable to changing conditions, going back a full century, before some of the more difficult problems which nowadays beset town government could have been anticipated. Granted the necessity of a given policy, questions of time and method are of supreme importance.

The difficulty consists in reconciling divergent standpoints. The Emperor has said in perfect good faith that "with every new German battleship another pledge for peace on earth is given." Probably most English people are quite prepared to believe that the strong German navy of the future will prove as pacific as the strong army has proved for the last thirty-seven years, yet they naturally think that Germany might have been content to keep the peace of Europe with its big battalions as before, leaving England to offer its ironclads as hostages in the same great cause. On the other hand, Germany advances "the right to maintain the navy and the army which it requires for the maintenance of its interests." * Its position was officially restated by Prince Bülow in the Reichstag on March 24, 1908, in the following words:—"We do not dispute England's right to draw up its naval programme in accordance with the standard which its responsible statesmen consider necessary for the maintenance of British world- (maritime?) supremacy, and

* Speech of the Emperor at Hamburg, September 7, 1904.

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similarly it cannot be taken amiss that we should build those ships which we require, nor can we be blamed for desiring that our programme of naval construction should not be represented as a challenge to England." The same contention was recently advanced in less diplomatic terms by the *Cologne Gazette*, which wrote, "If Germany were to suggest to Great Britain a restriction of the British programme of warship construction, it would provoke a storm of indignation in England. In the same way, it is not clear by what right Great Britain can exercise any influence over Germany's naval programme."

That is the position which all Germany takes on this question, and no good purpose can be served by either ignoring it or converting it into a grievance. For England, the country principally affected, the only safe and the only possible attitude lies in the calm, dispassionate, and ungrudging recognition of Germany's right to follow the policy which it thinks wise and necessary. Such an attitude leaves both countries with a free hand; for England especially it has the inestimable advantage that it enables its statesmen to shape their schemes of national defence unembarrassed by external conditions and obligations, and guided solely by a consideration of the Empire's interests and needs. Such an attitude will add enormously to the responsibilities of statecraft, it may impose upon the nation greatly increased material sacrifice, yet it will also immensely strengthen the never-failing appeal to patriotism.

It is also important to remember that whatever the navy Germany may create, it will be an efficient navy. The attention to detail, the system and method, the scientific spirit, the accurate adaptation of means to ends, and the infinite capacity for taking pains which have made the army what it is will not be wanting in the administration of the sea force.

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CHAPTER XVIII

THE COLONIES

Early colonial enterprises—The modern colonial movement—Angra Pequena—Prince Bismarck's short method—His unwillingness to lead the movement—His principles of colonisation—"Governing merchant, not governing bureaucrat"—The reaction and its causes—Financial cost to the Empire—The wars and insurrections—Administrative deficiencies—Government on Prussian principles—The "colonial scandals"—Herr Dernburg's policy—The excesses of the white traders—The Herero rising—The force theory of colonisation.

ONE of the many German historians of the colonial movement dates his story from the end of the Crusades, while another, not to be outdone in the national virtue of thoroughness, seeks his origins in the shadowy vistas of pre-Christian annals. For practical purposes the German colonial movement, as we know it to-day, is barely a quarter of a century old.

There were genuine if tentative efforts at colonisation as early as the seventeenth century, when the Great Elector of Brandenburg (who reigned 1640–1688) established settlements on the West Coast of Africa. Had his policy of foreign enterprise been supported by his successors Prussia might have ranked to-day amongst the foremost of Colonial Powers; for the Great Elector had all the instincts of our Elizabethan adventurers. "The surest wealth and the credit of a land come from its commerce," he wrote; "shipping and trade are the most honourable pillars of a State." He built a strong fleet, he traded, explored, fought, and buccaneered, and at the close of his reign Brandenburg seemed to be on the threshold of a great maritime career. Earlier still the Hanseatic Free Cities would fain have traded in foreign territories as well as foreign merchandise, had not jealous eyes been turned on them at

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home. "Not Clive but a Hamburg Senator," said, and no doubt thought, the Würtemberg publicist Moser, a hundred years ago, "would command the Ganges to-day, had the aims of the German Hanseatic towns been supported instead of combated by the old Empire."

But Prussia's and Germany's dreams, such as they were, of world-conquest and colonisation were dispelled when King Frederick William I. of Prussia (1713–1740), more concerned to assure and extend his sovereignty at home than to dissipate his strength upon foreign enterprises, abandoned the Great Elector's settlements. The new policy was shared by Frederick the Great (1740–1786), who wrote in the collection of maxims which he prepared for the benefit of his successors, his "Exposé du gouvernement prussien," "All distant possessions are a burden to the State. A village on the frontier is worth a principality two hundred and fifty miles away." Nearly a century and a half was to pass before the colonial question again seriously entered German politics.

German colonial enthusiasts are in the habit of dating the modern movement from 1874, when Great Britain, to their country's dismay, annexed the Fiji Islands, in which German trade had long flourished. But if the feeling which this addition to the British Crown created in German commercial circles was one of resentment and bitterness, it cannot be said to have created a colonial spirit. About this time, nevertheless, the explorer Gustav Nachtigal (1834–1885) visited various parts of Africa, carrying presents to native chiefs from the German Emperor, though he made no attempt to acquire territory. If Germany had at that time any serious intention of colonising, it was a fatal mistake that its attentions were directed towards regions which had already passed into the British sphere of influence. At the beginning of the 'seventies the greater part of North and Central Africa was still no-man's land, and an energetic policy of exploration, discreetly supported by diplomacy at home, might not merely have secured to Germany rich regions which soon afterwards fell to some of its Continental neighbours, but might even have obstructed the consolidation of British influence which has happily been consummated in the southern half of the African continent. There was, however, no appreciation of colonial aims in Germany at that time, and

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all the nation's effort was directed towards developing at home the advantages which had followed from the successful war with France. It was only in 1882 that the first colonial society, the Kolonial-Verein, came upon the scene. Up to then there was no systematic colonial enterprise and no organised colonial party in Germany.

It was the Bremen trader Herr Lüderitz who gave to Germany the earliest of its existing colonial possessions. In 1882 Herr Lüderitz, by treaties with native chiefs, acquired land in the bay of Angra Pequena, on the South-West Coast of Africa, and he pressed the home Government to support his claim. For a time nothing was done, until the claims of Herr Lüderitz were disputed by agents of the British Crown. But for this conflict it is probable that the German colonial movement might not only have been delayed still longer, but might not have taken its later aggressive form. The appeal of a German subject for protection roused Prince Bismarck's interest, however, and, as the negotiations with this country did not come to a speedy issue, he abruptly solved the difficulty by formally annexing Lüderitzland. On April 24, 1884, he telegraphed to the German Consul-General in Capetown: "According to the representations of Herr Lüderitz the English colonial authorities doubt whether his acquisitions north of the Orange River can claim Germany's protection. Declare publicly that both Herr Lüderitz and his settlements are under the protection of the Empire." The transaction gave to Germany the coastland extending from the Orange River to Cape Frio, exclusive of Walfish Bay.

What happened in South-West Africa happened, too, in the North-West. German claims to territory on the Cameroon River led likewise to disputes, and here also Prince Bismarck cut the Gordian knot instead of waiting for it to be unravelled. In the Pacific German settlements had been established since 1880 for trading purposes on the north coast of New Guinea, and over these, as well as the New Britain Islands, the German flag was hoisted in the winter of 1884. These two new acquisitions were promptly renamed, the one being called Kaiser Wilhelm's Land and the other Bismarck Archipelago.

The following year saw fresh annexations in East Africa, to develop which a wealthy company was formed, and in the Pacific

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the Marshall Islands and part of the Solomon group were also acquired.

The treaties under which Germany declared a protectorate over the East African regions were concluded by Dr. Karl Peters, an ardent colonial pioneer who entirely subordinated means to ends, and who, as Governor of East Africa, earned notoriety some years later on account of acts which led to his disappearance from the Colonial service.

Each of these annexations served as a starting-point for large extensions of territory, so that after two years of diligent search and salvage amongst the still unregarded regions of the African Continent and the Pacific, Germany found itself in possession of a colonial Empire having an area of 377,000 square miles—nearly twice the area of the Empire at home—and an estimated population of 1,750,000. In January, 1885, the Imperial Chancellor could say, "The colonial movement has been in flux for two years, and the reception given to it has far surpassed my expectations."

The efforts and enterprise of this first period of modern colonisation were not, however, the outcome of any systematic policy of commercial expansion, nor were they consciously designed to retain under the German flag the stream of emigration which had flowed out of the country in increased volume since 1871. Colonisation was in the air, and the movement infected Germany as national movements always do infect an emotional and enthusiastic people. That there was at that time any genuine comprehension of the question and the immense issues it involved may be doubted. It was an ebullition of feeling, a mania, rather than a reasoned national policy; the principal colonial advocates in those days were less practical politicians and hard-headed men of business than Pan-Germanic idealists and sword-rattling Chauvinists who regarded colonies as the natural appanage of empire.

It is significant that Prince Bismarck, whose assistance alone made the colonial movement possible and national, never had great faith in colonies—so late as 1899 he declared that he was "still no colony man"—and it is probable that if he could have had his way he would not have touched the question. His policy was consolidation at home; the guiding principle of his action since 1871 had been that Germany was to be counted amongst

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the "satiated States" which needed no further aggrandisement; and he regarded the pursuit of uncertain schemes of power abroad as untimely, if not dangerous. When at last he allowed himself to be persuaded to inaugurate a colonial policy he did it admittedly "with little confidence in its expediency yet with unreserved confidence from the standpoint of State duty." For, as we have seen, the obligation of asserting Imperial protection over territories in which German subjects had acquired a lien was forced upon him, yet having once staked the reputation of the Empire upon the colonial movement he championed it, so long as he knew the country to be behind him, as though it had involved the existence of the Prussian monarchy.

If ever, indeed, Prince Bismarck distrusted his own judgment it was on the colonial question. From the first he acted on the principle that if he were to saddle himself with a colonial policy it must be on the express demand of the nation; for he would not undertake the responsibility on his own account. Hence he insisted that the nation must make known its deliberate convictions and wishes on the subject, not once but repeatedly, before he could accept a definite mandate. When the colonial projects received Liberal opposition he did not altogether resent it, but deemed it his duty to ask the nation whether it agreed or not with the Government's attitude. He said in 1884:—

"In such a case it would be the duty of the federal Governments to convince themselves whether the sentiment of the nation in the new elections shares the hostility shown by the present majority of the Reichstag, in which case the judgment would once more be definitely pronounced upon our colonial endeavour, or whether it was of different mind. I do not regard this question as settled, and I am far from wishing to answer it: I simply state dispassionately what I regard to be the duty of the federal Governments, which is to carry forward our colonial policy so long as they have reason to hope that a majority of the German nation are behind them, but to drop it should this hope be unjustified, instead of pursuing unfruitful enterprises in a struggle with a majority of the Reichstag."

To quote again (from a speech of the same year):—

"In order to be able to carry on a colonial policy successfully a Government must have behind it in Parliament, so far as it is a constitutional Government and is dependent on Parliament, a

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solid majority national in sentiment, a majority which is superior to the momentary decline of individual parties. Without such a reserve of force in the background we cannot carry on colonial policy. The national energy, when neutralised by party struggles, is not strong enough with us to encourage the Government to undertake the step which we first tried in the case of Samoa in 1880."

Not only so, but Prince Bismarck foresaw the difficulty of colonising in the English sense. He did not view lightly the obstacles of climate and national inexperience. Hence he never contemplated the immigration of white settlers into the colonies in the way in which Australia and Canada have been won for the British race. Nor, on the other hand, did he regard the German colonies as a means of establishing a Prussian system of bureaucracy across the seas. The colonies he had in mind were of the nature of trading stations, and traders were in the main to be responsible for their administration as well as for their industrial and commercial development.

"My aim," he said on October 28, 1885, "is the governing merchant and not the governing bureaucrat in those regions. Our privy councillors and expectant subalterns are excellent enough at home, but in the colonial teritories I expect more from the Hanseatics who have been there."

The principle was sound and statesmanlike, and it would have been well for Germany and its colonial empire if it had been consistently applied; for then much failure, disappointment and loss, and many scandals would have been avoided.

The student of German character and political thought will, if he goes beneath the surface of things, find a profound significance in the fact that the colonial movement which was inaugurated with such a fanfare of national exaltation, insomuch that for a time the nation was "colony mad," became twenty-five years later, for a time at least, one of the most controverted questions in Imperial politics, so that quite recently the new Colonial Secretary, Herr Dernburg, had to itinerate the Empire, appealing to his countrymen of all classes not to give up hope but to create a new "colonial impulse." "Help us," he said to an audience of Berlin professors and artists on January 8, 1907, "to make the impulse without which, in Bismarck's words, no colonial policy can be successful," and this was the burden of a succession of elec-

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tion speeches delivered in Munich, Stuttgart, Frankfort, and elsewhere.

It is worth while inquiring into some of the reasons for the nation's failure to sustain the first colonial enthusiasm. The reasons are many, and several of them have a vital bearing upon the future of Germany's colonial empire, and suggest, if they do not justify, doubts whether even now, under conditions perhaps more favourable than ever before, the success of the colonial movement is absolutely assured.

And first, the opponents of colonisation point out with truth that, far from the colonies having yielded any tangible gain, they have involved the Empire in enormous expenditure, in a succession of wars and military enterprises which have cost the country thousands of lives; they have not yet improved the reputation of the country as a civilising Power; and they have introduced fresh elements of discord into foreign relationships.

What the colonies have cost the Empire in money in the form of annual subsidies, in the cost of wars, in the postal and steamship grants, and in administrative expenses at home is a bill which as yet has never been made out in full, and in the absence of a knowledge of all details no two estimates are alike. According to a statement furnished to the Reichstag at the request of the Budget Commission in the spring of 1907, the various protectorates had cost the Empire up to the end of the fiscal year 1906, 640 millions of marks, or, roughly, £32,000,000. Of this amount there fell to East Africa £4,550,000, to Cameroon £1,275,000, to Togo £200,000, to South-West Africa £4,700,000, to New Guinea £350,000, to the Archipelagoes £125,000, to Samoa £70,000, and to Kiauchou £5,100,000. To this total of £32,000,000 must be added, however, £1,000,000 paid to Spain on account of the cession by Spain of the Caroline, Marianne, and Pelew Islands, £175,000 as the cost of quelling the principal rising in East Africa, and £32,000,000 expended on the South-West African War, making altogether over sixty-five million pounds. Nor does even this sum take account of the cost of the Chinese expedition, which was £23,300,000, or of the mail steamship subventions, the telegraphs, the railways, and the naval extensions. Counting, however, only the items of expenditure which have been specified, an aggregate of eighty-eight millions sterling is arrived at for

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the past twenty-two years, representing four millions per annum. It is true that the Colonial Secretary has prepared an estimate which stops at £35,000,000, or £1,590,000 per annum, but extraordinary war and much other expenditure is here disregarded. This debt of the colonies to the Empire has only partly been paid; a heavy balance has been handed forward in the form of loans.

Moreover, instead of declining the burden has been growing heavier from year to year. In 1885 the cost of the colonies to the mother-country was £17,400. In 1905 (counting that portion of the cost of the South-West African campaign which fell to that year) it was over nine million pounds. Even now that the colonial empire is for a time free from wars, and abnormal expenditure from that cause is ceasing, there is no likelihood of the expenditure falling for some time to come below two million pounds yearly.

It is no more possible to estimate accurately the loss of life which has been caused by the colonial wars. Military undertakings, either aggressive or defensive, have made up the entire history of several of the African colonies. Not to go back too far, the annals of Cameroon from 1891 to 1903 were annals of bloodshed.

There were twenty-nine punitive expeditions of all kinds, with three regular campaigns and ten battles, apart from various minor warlike incidents of an unpleasant nature, like ambush surprises. In 1901 alone twelve expeditions were carried out against various tribes. Since 1904 there have been in the same colony no fewer than seventeen military expeditions of one kind and another. The losses have not been heavy, but the warlike operations which are still found necessary testify to the land's continual unrest.

The record of the East African colony during the years 1891 to 1903 included nine punitive expeditions, seven other expeditions against chiefs and tribes, and four campaigns, including thirty battles of varying degrees of importance.

Still more sanguinary is the record of German South-West Africa. There the years 1893 and 1894 brought the expeditions of Governor Leutwein against the Witbois, and between 1894 and 1901 there were four other campaigns with nine battles and an insurrection. In November, 1903, the Bondelzwarts rose in

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rebellion, and thereafter came the Herero rising and the great campaign which only ended at the close of 1906. The South-West African War cost from first to last 90 officers and 1,321 men killed (by wounds and disease) and missing, besides 907 wounded.*

The Hereros suffered still more severely. They are believed to have numbered 65,000 men when the rebellion broke out; to-day they have been decimated to a third of that number; and if, as has been alleged, they took the lives of 120 white farmers, their crime has, at any rate, been amply avenged.

Then, too, the colonial administration has not, on the whole, been happy in its methods nor yet in its officials. The principle laid down by Prince Bismarck was soon departed from: the trader, having obtained Government protection, went back to his plantation, his compound, his stores; he certainly was not urged or even asked to play any part in the government of his colony, as he was to have done. Tradition proved too strong even for Prince Bismarck, and gradually the whole system of Prussian bureaucracy was introduced into each of the colonies, large and small, and Great Berlin at home was reproduced in a score of small Berlins in all parts of Africa and the Pacific.

Here the national habit of preceding practice by theory was abandoned. The Germans never went to school in colonial matters. They light-heartedly took upon themselves the governing of vast territories and diverse races in the confident belief that the "cameral sciences" which had for generations proved an efficient preparation for local administration at home would qualify equally well for Africa. The secret of the administrative order that reigns at home is "system," and it was taken for granted that if sufficient "system" were introduced into the government of the colonies the same results would follow. If

* The official return, covering the period 1904 to 1907, published by the Great General Staff, gave the following details:—

(a) *Losses in Battles and by Accidents.*

	Officers, Sanitary Officers, and Officials.	Non-commissioned Officers and Privates	Total.
Dead	62	614	676
Missing... ...	2	74	76
Wounded ...	89	818	907
Totals	153	1,506	1,659

(b) *Died of Disease.*

	26	663	659

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"system" alone could have built up a stable colonial empire, and given it tranquillity, prosperity, and civilisation, these ends would long ago have been attained. Here likewise the new Colonial Secretary, Herr Dernburg, has had the courage to confess to shortcomings which his predecessors have either not detected or have been reluctant to face.

In one of the speeches to which reference has been made he said :—

"It has been said that the Germans are bad and defective colonists. But why should we be bad colonists? Are we bad merchants? Our competitors all over the world say the reverse; and the attempts to repulse us instead of help us say the same. Are we bad seamen? Our mercantile marine, which since 1882 has increased its share in the trade of the Suez Canal by 15·6 per cent., so that it now amounts to a quarter of the English transit trade on this great waterway, proves the contrary. Are we bad soldiers? Never. Then why should we be bad colonists? The answer lies in the fact that we have not undergone the colonial apprenticeship which other nations have gone through. Germany is at present the first of countries in the matter of applied technics. But how long it took us to attain to this pre-eminence in the world! We did it by zealous and diligent study. Germany has a great mercantile marine, and in regard to passenger transport across the sea it takes the first place. But how long and how industriously have we worked, how long and industriously have we studied other nations! But colonisation is a science and *technique* just like the rest; it must be learnt not only in the lecture-room, in legal practice, and in the counting-house, but by studying the needs and conditions of foreign lands on the spot, and by the application of all the auxiliaries which science—and above all the science of our neighbours—affords."

Furthermore, far too little regard was paid to native customs and traditions of life. Instead of studying native law and custom systematically, and regulating administration in each colony according to its peculiar traditions and circumstances, all colonies alike were governed on a sort of *lex Germanica*, consisting of Prussian legal maxims pedantically interpreted in a narrow bureaucratic spirit by jurists with little experience of law, with less of human nature, and with none at all of native usages.

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No one has more frankly acknowledged the errors made owing to this cause than Herr Dernburg.

"It is not necessary," he has said, "that a district judge buried in the interior of Africa should be a thoroughly trained judicial official, so long as he is a man of good common-sense and knows the people and their language and customs. The requirements there are so fundamentally different that when in our colonies things often occur which look like 'assessorism' or bureaucracy no sensible man can wonder at it. The officials go there fresh to the work, they take their professional ideas with them, and they exaggerate their functions." Further: "Not excess of regulations and bureaucratic methods (is necessary), but men with sound common-sense and open mind, who do not attempt too many things at once, and only use the pressure of the new government when it is absolutely necessary to the fulfilment of their limited duties."

It is largely owing to the transplanting in the past of the Prussian system of "regimentation" in its most inelastic form to the utterly uncongenial conditions of native life that the natives have in general felt uncomfortable under their new rulers. To quote Herr Dernburg again:—

"When violence is done to ancient ways of life and tribal laws, when—in all sincerity and with the best intentions—a crusade is waged against superstition, when legal conceptions are grafted upon native life where a corresponding sentiment of law is lacking, when German ways of administration are applied with the exactitude of the High Court of Exchequer at Potsdam, when the negroes, whose productivity in the tropics is restricted in part by unfamiliarity with labour, in part by the terrible climate, are driven too hard, and when—I say it with full deliberation—there exist many evil and cruel customs which cannot under all circumstances be ignored, a condition of continual conflict is inevitably created."

Undoubtedly officialism made too little allowance for the tenacity of native traditions, was too brusque in its dealings with native usages and institutions—in a word, tried to "civilise" too quickly. "It must be frankly acknowledged," said the leader of the German People's Party in the Reichstag on March 24, 1906, "that the German Government has simply abolished the existing civil laws of the natives in the German

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colonies. That was bound to excite discontent. The legal position of the blacks is miserable in the extreme. The honour of the German name suffers under this absolutely arbitrary system. We have lost the sympathy of the black race." Not until the summer of 1907 did the Colonial Office appoint a Commission for the study and codification of native law in the various colonies. It is impossible to say how many errors and failures would have been avoided, how many wars, great and little, might have been spared, had this natural course been adopted twenty years ago.

Professor F. von Luschan, of the Berlin University, and director of the Ethnological Museum in that city, said on February 17, 1906, in a public lecture:—

"What I have for years repeatedly declared has been told me by several high British colonial officials as the result of their many years' experience—that all European officials in the protected territories will sooner or later come to grief if they treat the natives badly, that is, roughly, disparagingly, cruelly, and unjustly, while, on the other hand, genuine success in colonial enterprise can only be achieved by those Europeans who interest themselves personally in the natives. . . . I am entirely convinced that our late war in South-West Africa might easily have been avoided, and that it was simply a result of the disparagement which ruled in the leading circles regarding the teachings of ethnology. Taught by bitter experience, we shall now be compelled to study the native in our colonies, simply because he is the most important product of the soil, which never can be supplanted by any substitute, and must therefore be regarded as absolutely indispensable."

Worse still, the choice of colonial officials has not, in many cases, been a happy one. Some of the governors sent out to the African protectorates have done infinite credit to their country and to themselves; for Dr. von Wissmann was not by any means the only high official who, in Prince Bismarck's phrase, returned home "with a white waistcoat." But when justice has been done to the fine flower of the colonial service—men who carried with them to difficult and dangerous posts a high sense of public duty and a high standard of personal rectitude—the fact remains that the administration of most of the colonies has been tarnished at one time or

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another by "scandals" which have left an evil odour and have given the enemies of colonisation just cause to blaspheme. The colonies were for a long time looked upon as a happy hunting-ground for adventurers who could not settle down to steady work at home, or a sort of early Australia to which family failures might conveniently be sent. If a man succeeded at nothing else he was thought good enough for colonial service, and many shady careers were closed in Germany, only to be reopened across the seas. For while forgotten by their friends at home, the very defects of character which made it prudent for these questionable characters to seek new life in the distant tropics were responsible for many of the excesses and crimes which have from time to time come to light in administration, and which, more than anything else, caused the colonial empire and colonial policy altogether to sound disagreeable in honest ears.

A Liberal deputy said in the Reichstag not long ago: "The causes of the fiasco in our colonial endeavours are various. The choice of officials has been very unfortunate. The colonies are regarded as relief institutions for the benefit of men who have failed at home." This charge can no longer be made, though it is only recently that a new spirit has entered into the colonial service generally. One enthusiastic advocate of colonial enterprise has seriously claimed that colonies should be established in order that "the swamps of our social life might be drained, their dirty waters let off and cleansed."

In the Speech from the Throne with which the Reichstag was opened on November 22, 1888, when the colonial movement was at its height and a good deal of genuine idealism clung to the minds of its prophets and preachers, it was declared that it must be a solemn duty of the Empire to "win the Dark Continent for Christian civilisation." Not much Christian civilisation, or civilisation of any kind, was carried to the colonies by the early pioneers and administrators, nor yet by some of their successors. Stories of slavery, violence, cruelty, illegality, and lust, committed both by officials and planters, were sent home only too frequently by missionaries and clean-handed men in the colonial service who could not see these things and be silent, and disciplinary proceed-

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ings at home generally confirmed the imputations of report, and frequently proved that the half had not been told. It would serve no purpose to detail these stories or to further pillory the men whose crimes were visited by punishment, and that the less as the whole record stands written in many German books, official and otherwise, for as to the facts there is no dispute. In one of the most notorious cases, however, a colonial governor was found guilty of brutality, of taking lives unjustifiably, and of being prompted by sensual motives to acts of vindictiveness, and he was deprived of office and titles. Another governor more lately was fined and reprimanded—he had already been relieved of office—for forging a passport for a paramour whom he had audaciously set up by his side in the place of administration. A third governor has, under Herr Dernburg's *régime*, been dismissed the service for torturing a native chief to death by flogging him and chaining him to a flagstaff for thirty-six hours without food or water. These cases are typical of the worst crimes which have been committed by high officials, but the entire record makes a terrible story of obliquity and moral deterioration.

On his acceptance of office Herr Dernburg promised that, however many brooms might be needed, the Augean stables of administrative irregularity in the colonies should be cleansed, and that the cleansing should not be necessary a second time. It is infinitely to his credit that he has faithfully kept his promise.

Where there has been laxity on the part of officials it is not surprising that the conduct of the white traders has often been far from exemplary. The notions of obligation towards the native races which are entertained by many of the spokesmen of the colonial cause are, to say the least, frankly negative. Perhaps it is fairer that German witnesses should here speak, and, indeed, no stronger words have been written in condemnation of the ill-treatment of the natives and colonial scandals in general than those which have come from leaders of German public opinion.

"The entire colonial policy," wrote Major-General Baron H. von Puttkamer in July, 1907, "is based on the principle of Europeans depriving the inferior natives in foreign lands by main force of their land and maintaining our position there by force."

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Captain Schennemann, who was appointed to report on the origin of the risings in Cameroon of 1904–5, which required several expeditions, after stating the faults of the natives, added: "It is equally indubitable that gross indiscretions on the part of the white traders in the treatment of these militant cannibal tribes were the occasion of the catastrophe."

Another writer says of the causes of the same troubles:—

"After the rising of the Bakwiri in the Cameroon Mountains the Government declared their entire territory Crown land. All the land capable of cultivation was then sold to large plantation companies at the price of 5s. per hectare. Only 1½ to 2 hectares per family were reserved for the support of the natives. It would have proved sufficient if the natives followed rational agriculture and if the reserved lands had everywhere been cultivable, though no provision was made for future increase of population. The result was, however, that great scarcity soon appeared amongst the Bakwiri, and the discontent increased to such an extent that a rising was apprehended; for it was not enough that the natives were robbed of their land, they were robbed also of their cattle. Many planters carried on the capture of cattle as a sport, and boasted how much 'fresh meat' they obtained for their companies in this way. The Government and the planters may thank the efforts of the Basle Missionary Society that a bloody rising was prevented." *

The writer points out further that the missionaries had agreed at first to act as labour agents for the planters, but "When they saw how cruelly the labourers were often treated on the plantations, how in the course of a year the fourth part of them died off and had to serve as manure for the land, while the greater part of the remainder became seriously ill, and when they saw how through the brandy which was thrust upon them and the evil example of the most of their masters the labourers sank ever lower, they could not face the responsibility before God and their consciences of being parties to such an unjust and wicked business."

Incidents like this explain the frequent attacks upon the missionaries, who often stand between the natives and injustice and violence. They also give point to the incriminating apology

* J. Scholze in "Deutsche Kolonien" ("The Truth about the Mission to the Heathen and its Opponents").

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of the colonial enthusiast who wrote: "The missionaries have often made themselves obnoxious to the merchants. It must be remembered that the merchants who go out to the colonies even to-day are not men of mild natures, who are contented to pass their lives on the turnstools of a dull counting-house, but are possessed of a superabundance of energy, and now and then this energy takes forms which, it must be admitted, cannot be pleasing to the missionaries."

No one doubts that the behaviour of the traders was the main cause of the insurrection of the Hereros which culminated in a costly and sanguinary three years' campaign. The Conservative *Cross Gazette* wrote at the time: "Unscrupulous traders have been allowed to exploit the inexperience and the recklessness of the Hereros. The debts contracted with the white traders had enormously increased during recent years, while villages had mortgaged their cattle and their entire land with their creditors."

A missionary, Pastor Meyer, confirmed this: "The traders took from the Hereros their land, though they had paid their debts four or five times over, since no receipts were given, and 400 per cent. was charged. By taking from the Hereros one piece of land after another settlers who had come to the country poor were soon in possession of farms."

When the rising broke out a white resident wrote home from Outjo (January 27, 1904): "Most of the traders are said to have been murdered, and in their fate one can only see a not unjustifiable act of vengeance on the part of the natives, who have avenged the unscrupulous outrages and plundering of the traders. The traders plundered the natives systematically. Every one took what he wanted. Thus one dealer in November last drove away from a dock cattle worth £1,400." The Herero who wrote to his kinsmen from British South Africa, "Let me tell you that the land of the English is probably a good land since there is no ill-treatment; white and black stand on the same level; there is much work and much money, and your overseer does not beat you, or if he does he breaks the law and is punished," hinted plainly enough at the sort of treatment to which the native was accustomed in his own country.

Even now the use of force as the only method of civilising the

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native is advocated with daring frankness. Herr Schlettwein, one of the Government's experts who was recently called in to instruct the members of the Budget Committee of the Reichstag on the principles of colonisation, writes in a pamphlet published in 1904:—

"In colonial politics we stand at the parting of the ways—on the one side the aim must be healthy egoism and practical colonisation, and on the other exaggerated humanitarianism, vague idealism, irrational sentimentality. The Hereros must be compelled to work and to work without compensation and in return for their food only. Forced labour for years is only a just punishment, and at the same time it is the best method of training them. The feelings of Christianity and philanthropy, with which the missionaries work, must for the present be repudiated with all energy."

The new Colonial Secretary has never professed any idea of colonising on purely sentimental principles, yet he has declared his intention to mete even-handed justice to native and European alike, an attitude which brings him into perpetual and irreconcilable conflict with the traders, whose violent methods he has never hesitated to expose.

"The planters," he told the Budget Committee on the colonial estimates on February 18, 1908, "are at war with everybody—with myself, with the Government, with the local officials, and finally with the natives. Their only principle is to make as much money as possible and keep wages as low as possible." He also stated: "On the coast (of German East Africa) it makes a very unfavourable impression on one to see so many white men go about with negro whips. I even found one on the table of the principal pay office in Dar-es-Salam; it is still the usual thing, and any one who has been there will confirm what I say." He added that in East Africa "labourers were obtained under circumstances which could not be distinguished from slave hunts." "The State is asked," he said, "always to carry a whip in its hand. We shall do no such thing; for in the event of risings it is we who have to bear the brunt of the mischief." He told the same Committee that when in that colony "a young farmer came to him and told him that he had 'bought' 150 negroes. It has even happened that settlers have seated themselves at the wells with revolvers, and

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have prevented the natives from watering their cattle, in order to compel them to leave the latter behind."

A further reason of the "colonial pessimism" of several years ago was the traders' disappointment that their unnatural expectation of immediate success, in the form of profits and dividends, had not been fulfilled. Admiral Raule, the colonial adviser of the Great Elector, reported to his master on one occasion: "No man is so unreasonable as to expect fruit from a newly-planted tree." That might have been the case in the patient seventeenth century, but it did not apply to the modern German colonist; and because the fruit did not come at once he blamed the tree, and at last showed a desire to hew it down as a useless cumberer of the ground.

Moreover, in colonial politics, as in other departments of politics, the Government has been treated to a superfluity of criticism, far too little of which has been of a helpful kind. There was excuse for this during the heated period of the "scandals" in 1904 and 1905, but the national outburst of anger which these scandals created was merely an embittered form of a controversy which had gone on for years. All parties alike had their share in the controversy, though the honours for endurance and versatility fell to the Radicals and Social Democrats. This constant and for the most part querulous stream of negative criticism gave the officials at home no fair chance of doing steady work and of devoting themselves undividedly to the development of the colonies. Prince Hohenlohe had to confess in September, 1906, when he retired from the thankless presidency of the then Colonial Department of the Foreign Office, that "The continued attacks of the Press and the examination into the truth of its accusations monopolised the time of my official staff."

"That which has been wanting in Germany is a conviction of the excellence of our cause," said Herr Dernburg to a colonial conference in Stuttgart in 1907. It is true that this conviction has been wanting, but there has been wanting quite as much a genuine understanding of the colonial movement, an appreciation of the meaning of colonies, the right methods for their development, and the obligations which the possession of colonies imposes upon a ruling Power. The reaction which set in, and which reached its greatest strength just before the present Colonial Secretary came into office, was thus the resultant of a multitude of

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causes, each operating with varying weight upon a different section of the community. So far did the "colony weariness" go that at a conference of the Radical party held at Wiesbaden in September, 1905, a resolution was adopted against "the continuance and extension of the present colonial policy," while one member of the Parliamentary group declared, amid applause, that he "would be willing to put the colonies up to auction if he thought a bid would be forthcoming." Since 1907 this party has been foremost in supporting the revived colonial movement.

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CHAPTER XIX

THE NEW COLONIAL ERA

The new departure in 1907—A Secretaryship of State for the Colonies—Herr Dernburg's colonial crusade—The appeal to national pride and interest—The colonies as sources of raw material—Natural wealth of the colonies—The cotton plantations—A propagandism of promises—"Colonial legends"—Distrust of the trading classes—Disagreement of colonial authorities—Present condition of the colonies—Area and population—Imperial subsidies—Revenue and trade of the colonies—The labour problem—The prospects of South-West Africa—The decimation of the Hereros—The need of railways in the colonies—The objects of the colonial movement—The nation's honour at stake—Unity of parties on the question—Attitude of the Social Democrats—The Stuttgart Congress of 1907—The inevitableness of a colonial army—England and German colonial ambitions.

THE colonies may be said to have entered a new phase of development with the creation in May, 1907, of a Colonial Office with large independent powers. Before that time there was a Colonial Department attached to the Foreign Office and subject to the direct authority of the Foreign Minister. The result was that the work of colonial administration was hampered at every turn. Successive Foreign Ministers had been willing enough to give the Colonial Director all desired liberty of action, yet they were unable to delegate to him constitutionally any of their own responsibility. The arrangement was bad for both sides—bad for the Foreign Office, upon which it imposed authority without executive functions, besides saddling it with a host of unnecessary burdens, and bad for the Colonial Department, which had executive duties without ultimate authority.

As far back as Count Caprivi's Chancellorship the Government tried to induce the Reichstag to create an independent Colonial

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Office, but time after time the scheme fell through. Prince Bülow's chance came when in the winter of 1906 he threw over the Centre and rallied to his support a "block" consisting of the Conservatives, National Liberals, and Radicals. Herr Bernhard Dernburg, formerly general manager of the Dresden Bank, who had already been chosen to follow Prince Hohenlohe as Colonial Director, became the first Secretary of State for the Colonies, and though it will be a long time before the fruits of his new forward policy can show themselves, it is impossible to deny the energy and determination, and above all the infectious optimism, which he has brought to his work. He took office at a time of extreme difficulty, when the material and moral prestige of the colonial movement was at its lowest, and when no one had a good word to say for the colonies or anything that concerned them, and it is his unquestioned desert that a new and more confident opinion is held by the nation at large concerning Germany's foreign empire. Inheriting from his predecessors in office an accumulation of obscure scandals and unfortunate "incidents"—official immorality, administrative irregularities, contract extortions, and the like—he wisely determined to sift every discovered misdemeanour and abuse to the bottom, dispensing justice without fear or favour. His courage has made him many enemies, but it has won for him and the colonial cause far more friends.

Herr Dernburg is a man of business pure and simple, in whose Jewish veins runs the spirit rather of finance than affairs. He professes no qualifications for diplomacy and has no intention that his practical objects shall be complicated with political issues. He is also without any decided prejudices as to the means by which colonial development should be furthered, except that he believes English methods to be better than German. Hence he trusts more to the railway than the green table, more to the trader than the administrator. He has made it his special aim to hold the colonies before his countrymen as "a great Imperial concern which cannot prosper without a powerful impulse, without the co-operation of the noblest and best elements in the nation." His programme was systematically developed in the series of peripatetic addresses to which reference has already been made—addresses spoken successively before audiences of scholars and artists, of industrialists and traders, and of general colonial propagandists. To the first of

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these audiences he expounded the national aspect of the colonial question, to the second the economic importance of the colonies from the standpoint of the export trade and the supply of raw material, to the third the necessary education of the nation which is essential to the right understanding of colonial policy, and the character of the training needed by colonial administrators and pioneers. It was inevitable that the addresses should not have carried equal weight—that especially to which the professors of Berlin listened was patronisingly phrased in school text-book language in which the hearers were far more versed than the speaker, and it created much more criticism than it allayed—yet the national effect was immediate and surprising.

Herr Dernburg rests his case for a more determined development of the colonies upon two appeals—the appeal to national pride and the appeal to national interest. He contends truly that Germany cannot with honour withdraw from the undertaking to which it has committed itself.

"We have to answer the question: Does the nation feel strong and proud enough to refuse to abandon a mission of civilisation once begun; does it feel rich enough to incur further expenditure offering no prospect of immediate return, or will it, overcome by fear, pusillanimously withdraw under cover of the smoke produced by the cannoneers of the colonial scandals? That there are politicians who are ready to give up the colonies is undoubted; that others have become very shy of them is also unfortunately true, and that a certain weariness of the colonies has set in generally cannot be disputed. In face of all this it is necessary to make it clear whether the German nation still believes itself able to fulfil a great mission, which requires certain sacrifices from every section of the community, or whether, basking in material comfort and intellectual *ennui*, it prefers to continue in the old inglorious ruts.

"Not without right has the German nation been called the nation of thinkers and poets, and severe though the intellectual competition of the nations has become, Germany has always been able to maintain its position at the head of civilised nations in regard to the mental sciences. To this early wreath Germany has added another during the past century—the century in which it has come to the front of the nations in regard to the applied

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sciences and technics. These latter are, however, the modern means for the opening up of foreign territories, the elevation of low civilisations, the amelioration of the conditions of life for both blacks and whites, and it is for Germany to answer the question—Will it, in regard to its colonial possessions, abdicate the position which it has won, in stern, strenuous, and noble contest, of primacy in the mental sciences and in applied technics? That is the great question of the hour, and I am certain that when it is clearly understood the nation will answer with an energetic No!"

The appeal to the commercial classes is pitched in a lower key: here the colonies are represented as essential to Germany's industrial independence and its prosperity as a producing country. "German colonial policy," said Herr Dernburg to a conference of the German Chambers of Commerce in Berlin on January 11, 1907, "signifies nothing more nor less than a question of the future of national labour, a question of bread for many millions of industrial workers, and a question of the employment of domestic capital in trade, industry, and navigation." With unconscious irony Herr Dernburg points to the growth of protective legislation abroad, the effect of which has been to shut out German goods by insurmountable barriers. Not only does Germany need wider markets, however; it needs quite as much new and surer sources of raw material, and these are to be found in the colonies. Herr Dernburg's ultimate ideal is, in fact, the economic *terra clausa*, the self-contained Empire.

"The process which we can see going on daily upon a small scale in our German industry has to a large extent—and here and there completely—been consummated in the world-market. The aim of the 'great industry' in Germany is clear, viz., as far as possible to bring into one hand the control of production in every stage, from the raw material to the finest processes of manufacture; thus, for example, in the iron industry to unite every process in a unity from the coal and ore mine to the building of an armoured war vessel, and it is the same in other industries. It is the purpose of this process of consolidation to attain the result of a self-contained industry, viz., by eliminating all superfluous factors, and by superseding the middle-man to the extremest degree possible, to create independent undertakings. This tendency, which you can observe in the German heavy

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industry, has also been more or less effected in world-economy during the last twenty years."

The potential wealth of the German colonies certainly never impressed the nation as it has impressed the new Colonial Secretary, who would appear to anticipate the time when Germany will obtain the bulk of the raw material needed by its industries as well as its tropical foodstuffs from its own colonies —a piece of good fortune which has not even fallen to Great Britain yet, in spite of its unique colonial empire and its much smaller population. Among the commodities, now almost entirely imported from other countries, which Germany, according to Herr Dernburg, "can produce in its colonies" are cotton, wool, copper, rubber, petroleum, coffee, rice, oil fruits, and hemp, of all which fifty million pounds' worth was imported in 1905.

Of these products cotton is at present the most important. Herr Dernburg is assured that all the colonies are here eligible, and that they are capable of producing 2½ million bales per annum, given the introduction of plough culture, an amount larger than Germany now consumes. Even under existing conditions of cultivation he places the present possible production at 100,000 bales, while plough culture would increase the yield fivefold, and a change from food crops to cotton would give five times more again.

For the supply of wool—sheep's wool and mohair—the Colonial Secretary relies upon South-West Africa. Hemp is grown in Togo, Cameroon, South-West Africa, and still more in East Africa. Cocoa is grown in Cameroon, Samoa, and other colonies, which export to Germany to the value of £65,000 annually, and coffee is grown in East Africa.

As to oil fruits—palm oil, copra, and earth nuts—Herr Dernburg has "no doubt that the greater part of our requirements can be obtained from our own colonies without much difficulty." These fruits are already produced in Cameroon, and still more in East Africa, where 1,750,000 acres of land are said to be suited to the cocoa palm, and if planted capable of yielding 700,000 tons of copra at one ton per hectare (2½ acres), with a net return of £6 10s. per hectare. At present the colonies export to the value of £800,000.

Rubber is already exported from the German colonies to the value of £300,000, more than a third coming from East Africa

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alone, while £5,000,000 is said to be invested in German rubber goods factories, which employ 30,000 workpeople. Not only East Africa, where nearly 2,000,000 trees have been planted, but Togo, Cameroon, New Guinea and Samoa all produce rubber. Yet the exports from the colonies form but a fraction of the country's normal requirements. In 1905 Germany imported 214,000 tons of rubber, of which only 1,306 tons came from the colonies.

Timber is largely exported from the *Hinterland* of Togo, from Cameroon, and from East Africa. In East Africa alone there are 625,000 acres of forest—cedar, mahogany, &c.—near the coast, and one German merchant has 1,600 men engaged in the timber trade there. It is also estimated that in East Africa and Cameroon together there are 300,000 acres of mangrove with a value of over forty million pounds.

As to minerals, copper is found in South-West Africa, in the Otavi mines and elsewhere, and there are German syndicates prospecting and mining in several other districts. In 1905, however, none of Germany's imports of copper (102,218 metric tons) came from the colonies. Petroleum is found in Cameroon.

Of these various products cotton is being experimented with on the most extensive scale, and here there seems good hope of success directly sufficient capital shall have been sunk in the enterprise. The Government has come to the aid of the planters, and in 1907 the colonial budget allotted £5,250 towards the encouragement of cotton cultivation, while the Imperial Ministry of the Interior added a further £2,500 for the same purpose. Already two companies have acquired 150,000 and 50,000 acres of land respectively in the neighbourhood of the Victoria Lakes with the intention of laying down the cotton plant; in the south of German East Africa 10,000 acres are under cotton; and in the neighbourhood of the Dar-es-Salam railway the Railway Company has itself begun to cultivate the plant. The lands most suitable for the purpose in East Africa are the Lake regions, with an area estimated at from 750 to 1,000 square miles, and the cotton now produced there is conveyed to the coast by the Uganda Railway. In Togoland an agricultural school has been established for the instruction of the young natives in cotton growing. When the pupils have

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passed through a course of teaching they are put on the land as independent cultivators on a small scale. In Cameroon the cultivation of cotton has begun in several districts both on the coast and in the interior, especially the hill country. Here the chief difficulty is the heavy cost of transport. In some regions the Government accepts taxes in cotton by way of encouraging the natives to cultivate the plant. Experiments are being made in New Guinea, but there a serious obstacle exists in the unwillingness of the natives to settle down to steady work. A beginning has also been made in South-West Africa.

More lately an African Cotton Company has been formed at Herr Dernburg's instigation, with a capital of £500,000, for the general development of cotton planting and trading in the colonies, and especially in East Africa, Togo, and Cameroon, and the textile industry at home has been induced to take interest in the scheme. It is hoped that the Empire will assist by providing railways, so as to cheapen transport, for cotton borne by native carriers now costs 1s. per ton and kilometre against about 3½d. charged on an average by such railways as convey cotton from the interior to the coast.

As yet, however, the amount of cotton put on the market by the colonies is very small, and Germany itself only derives about one-thousandth part of its supplies from that source. It imported in 1905 over 402,000 metric tons, and of this amount 217 tons come from East Africa and 83½ tons from Togo, whose cotton plantations are only six years old. Togo's entire export was 113 tons, or 460 bales. In the season 1905–6 the entire crop of the colonies was about 500 tons, with a value of £30,000. The average prices were 7½d. for West African cotton, 10d. for East African, and 1s. 1d. for Victoria Lake.

As to the productivity of the colonies in general, the ardent advocates of an empire over the sea are indulging expectations for which there would appear to be no justification either in fact or probability. They write and speak, for example, as though at some near date the colonies would supply raw materials to the mother-country at so low a price that trade rivalry with other lands in certain manufactured articles would be enormously facilitated and Germany would be able to establish a hold on the world-market such as it has not hitherto dared to hope for. Such enthusiasts forget that the colonial producer,

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however low his costs of production may be, will never be willing to sell below the highest price obtainable in competition with other producers.

Herr Dernburg's armoury of arguments is infinite in variety. One of his favourite reasons for desiring Germany to be independent of other countries in regard to raw materials is the growth of the trust system. "Great changes had taken place in the supply of raw materials," he said to the Chambers of Commerce at Berlin, January 11, 1907. "While only twenty years ago there was but a petroleum trust, there were at the present time copper, coffee, and cotton combinations for the regulation of prices. Meanwhile Germany's need for imports had in no wise decreased, and a counterpoise could only be found in the development of its colonial possessions." Yet one of the most significant of recent economic developments in Germany is the growth of the monopolist syndicates. These syndicates will unquestionably be transplanted to the colonies as soon as it is worth while, and judging by their policy in the past it is extremely unlikely that they will carry on enterprise there for disinterested love of the home manufacturers.

If anything could justify the apprehension that Herr Dernburg may, after all, fail, it is the lavishness of his promises. He has held out brilliant hopes that will keep the colonial breast warm for some time, but these hopes are stimulating rather than supporting, and it is not impossible that in the absence of solid results within reasonable time a further reaction may set in. Herr Dernburg is a practical man, yet many of his calculations are obviously speculative. Directly a railway connects the coast of a colony with the interior he sees "not hundreds of thousands but millions" of natives at once civilised and transformed into productive members of the community, and promptly investing the proceeds of their labour in material commodities—all to Germany's advantage. Next to the railway he puts his faith in "*Technik*." Machinery of all kinds is to be enlisted in the service of cultivation—for irrigation, for ploughing and sowing and reaping, for motive power, for mining—irrespective of cost and return, and applied science is to repeat in torrid zones the wondrous tale of her achievements in Europe and the United States. He is never tired of telling the story of "a box of dates that was lost several years ago on the way, and

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now offers to the sight of the wondering traveller date-palms 10 feet high bearing fruit."

All classes of society are to have their place in realising his dream of a colonial empire resourceful and prosperous beyond all known experience. The writer is to describe its manifold life, the painter to limn its beauties and grandeurs. The missionary is to mould its religions, not destructively but adaptatively, for Herr Dernburg has all the tolerance of his race. The jurist is to create a harmonious amalgam of native custom and German law, under which everybody will be happy. The philologist is to enrich the native languages and reduce them to writing. Even a place is found for the statistician in the colonial Atlanta which is to be organised under the new Colonial Office. All this and more of the same sort will be found in the sanguine pages of Herr Dernburg's colonial writings—called "colonial legends" by scoffing sceptics—and the reader wonders, as he passes from one brilliant picture of the future to another, whether Herr Dernburg has not forgotten his own maxim that "the colonial question is in great part a money question," and that the German Government has since 1884 spent the greater part of a hundred million pounds upon, or owing to, the colonies, only to reap a prolific harvest of "colonial pessimism."

Yet even he would seem at times to doubt whether the colours of his colonial pictures are not too vivid, for in the midst of a roseate account of a colonial cotton-growing project, which is to make Germany independent of the rest of the world, we find him saying:—

"I would like to interpose a remark here. In everything that I say I take no account of the time that will be necessary, nor do I allow for the fact that many failures may occur, so that it cannot to-day be said with certainty that we shall arrive at the condition of things described in either ten, fifteen, or twenty years. But that we shall be able to produce, if not the whole of our present raw material, at least a considerable portion, first of all in cotton, I regard as probable."

It is certainly significant that Herr Dernburg has made on the whole the least favourable impression on the class of people with whom he in the past has been most in sympathy, and who might have been expected to rally most readily to his call. A certain

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malice on the part of his old political and commercial friends—the malice of the man who has been left behind—may to some extent account for this, but it is likely that their incredulity is chiefly the result of well-justified caution. It is felt that what Herr Dernburg has done has simply been to "water the capital" of the colonial concern and to put forward an alluring prospectus promising returns which are, at best, problematical. Thus, while the best known experts on German South-West Africa guardedly say that that colony can only be expected to support 25,000 farmers, each needing to success an estate of 25,000 acres, Herr Dernburg has no hesitation in multiplying the number by two.

Dr. Karl Peters' general opinion of Herr Dernburg's valuation of the colonies is as follows: "I regard his valuation of the colonies as too high, perhaps because I have seen some parts of the Dark Continent with my own eyes. When Herr Dernburg says that we can conclude that every black creates one pfennig (⅛d.) of economic wealth per day, I reply that we can conclude no such thing—perhaps we may place the estimate at half a pfennig per year, perhaps not even that, though all will depend on the policy with the natives which Herr Dernburg pursues."

"Herr Dernburg," says one of his critics, "juggles with millions and balances himself with percentages." It is certain that few of his figures can stand careful scrutiny. Addressing the Berlin conference of Chambers of Commerce on January 11, 1907, he claimed that the present exports of German industrial products to the colonies, in value £2,500,000, represent £2,000,000 of wages paid to the working classes, and assuming that the working classes bear £500,000 of the yearly subsidies to the colonies, he came to the conclusion that "for every shilling (mark) of expenditure the working classes make a profit of four shillings." But if of an export value of £2,500,000 £2,000,000 goes in wages, it follows that the remaining £500,000 must cover not merely the cost of raw material, but salaries, rents, and other costs of production other than wages, the profits of the manufacturer, and a large sum for transport. It is far more likely that the actual wages of labour included in the value of exports about balance the cost of the colonies to the working classes in subsidies; but in any case the material

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advantage of the colonies at present to the working classes is very doubtful.

Similarly Herr Dernburg has no hesitation in stating that the trade between the mother country and the colonies can be increased in five years from £3,000,000 to £10,000,000. It is no large increase, yet even this modest expectation is certainly not justified by past experience. Germany's combined import and export trade with the colonies during the past twenty years has only amounted to £15,900,000, or less than the value of the goods which Germany sells in one year to Switzerland, and a large part of the exports has consisted of material for public works and stores for the troops and officials.

Without dwelling further on the contingent possibilities of Germany's colonies, it is worth while inquiring into their present condition. This has been epigrammatically yet accurately described by a late governor in the words: "The fertile colonies are unhealthy and the healthy colonies are unfertile." The colonies may be divided into two classes, settlement colonies and plantation colonies, the first class comprising part of South-West Africa, the higher districts of East Africa, and some of the islands, having together an area twice that of the German Empire, while the latter class comprises the larger part of East Africa, Cameroon, Togo, and New Guinea, territories whose aggregate area is from two to three times that of Germany, though they are unfit for European colonisation. The entire area of Germany's colonial empire (1906) is 2,658,449 square kilometres and its population is 12,119,000, made up as follows:—

	Square Kilometres.	Population.
East Africa	995,000	7,000,000
South-West Africa	835,100	200,000
Cameroon	495,600	3,500,000
New Guinea...	240,000	300,000
Togo	87,200	1,000,000
Caroline, Pelew and Marianne Islands ...	2,076	41,000
Samoa	2,572	33,000
Marshall Islands	400	15,000
Kiauchau	501	30,000

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The latest Parliamentary report on the settled white population alone gives the following figures :—

	1905.	1906.
East Afri	1,873	2,465
Cameroo	826	896
Togo	224	243
New Guinea...	466	529
East Caroline Islands	92	77
West Caroline Islands	47	73
Marianne Islands	22	23
Marshall Islands	84	83
Samoa	381*	454
Kiauchau	4,728	1,225
Totals	8,443	5,668

On account of military operations no figures could be given for South-West Africa, where there were in 1906 6,372 whites, viz., 4,842 men, 717 women, and 807 children, few of whom were settled in the colony.

In German East Africa 1,499 of the 2,465 white residents in 1906 were Germans, 441 were English (366 South Africans), and 148 Greeks; and the others were French, Italians, Austrians, Hungarians, Dutch, Turks, Montenegrins, and Swiss. The settlers and farmers had increased during the year from 180 to 284, the merchants and dealers from 142 to 196, the artisans, workpeople, and miners from 77 to 131, the technical employees and tradespeople from 67 to 131. Of the more important towns Inbora had a population of 37,000, Dar-es-Salam one of 24,000, and Udjidji 14,000.

Of the 896 whites in Cameroon in 1906 773 were Germans, 45 English, 39 Americans, and 16 Swiss. The planters and settlers numbered 141 against 108 in 1905, the traders 283 against 268, and the artisans 33 against 22.

Of the 243 white inhabitants of Togo 64 were Government officials, 43 were missionaries and clergymen, 10 settlers and planters, 11 members of technical professions and contractors, 20 artisans and workpeople, and 45 tradespeople.

* 1903

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In German New Guinea there were in 1906 529 whites, of whom 383 were in the Bismarck Archipelago, and the rest in Kaiser Wilhelm's Land; 397 were Germans, 58 English, 23 Dutch, and 15 Austrians. Of these whites 39 were Government officials, 137 were missionaries, 50 were Sisters, 56 settlers and planters, 17 technical employees and mechanics, 4 artisans, 68 dealers, tradespeople, and innkeepers, and 51 seamen.

Of the whites in the East Carolines 38 were Germans; the whites in the Marianne Islands comprised 18 Germans and 5 Spaniards, and there were 21 Japanese; and the 65 whites in the Marshall Islands were all Germans.

Only one of the colonies, Togo, is as yet financially independent. The subsidies voted by the Empire in the financial year 1906-1907 amounted to £4,362,250, and were apportioned as follows:—East Africa £293,050, Cameroon £145,200, South-West Africa £3,253,550, New Guinea £57,700, Caroline, Pelew, Marianne, and Marshall Islands £17,000, Samoa £9,000, and Kiauchau £586,750. The greater part of the expenditure upon the South-West African colony is, of course, military expenditure, which will now be reduced every year.

The principal source of the colonies' own revenues * are the customs duties, the aggregate amount of which in 1906 was £411,050. In Kiauchau 22 per cent. and in East Africa 37 per cent. of the revenue comes from this source (though in the latter case there are in addition export duties), in New Guinea 68 per cent., and in Cameroon and Togo 80 per cent. The greater part of the customs revenue is not derived from industrial imports, however, but from alcoholic liquors, which have done infinite injury to all the native tribes and have literally wiped out some of them. By local taxes and dues the sum of £963,500 was raised in 1906. German East Africa has a house and hut tax, and of the proceeds 50 per cent. is applied to communal purposes; a trade tax, 30 per cent. of which goes to the communes, a death duty, and a salt tax. These taxes together yield 20 per cent. of the colony's entire revenue. The revenue of Cameroon is partly derived from local taxes on spirits and licensed premises, a trade tax, a dog tax, a poll tax on the

* Financial statement for the year 1906–1907.

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natives, and in the Tschad Lake territory from tributary payments; in Togo the taxes are spirit, dog and trade taxes; in South-West Africa there are spirit, trade, highway, and dog taxes; the Caroline Islands have a plantation tax and a meat tax; and Kiauchau has a land tax, and has even introduced a tax on unearned increment, called, as it is in Germany, the "increased value" tax.

It is Herr Dernburg's desire to see high taxation imposed on such colonial undertakings as hinder the development of a colony owing to their passivity—for example, companies which merely buy land in order to hold it for higher values in some indefinite future. Hence it is likely that the example of Kiauchau will be widely followed. In general it is part of the Colonial Secretary's policy to make the colonies more self-dependent, and as a means of so doing he intends to convert the variable annual subsidies from the Empire into a fixed amount. It may be noted that in the imposition of the hut and poll taxes Germany has experienced the same difficulties which other colonial Powers have had to face, and more than one rising has been the result in regions where the habit of idleness is traditional with the natives.

The entire foreign trade of the colonies in 1905 was £9,655,000, made up of imports to the value of £7,027,400 and exports £2,627,600. The imports of the colonies individually were as follows: East Africa £882,700, Cameroon £673,300, Togo £388,000, South-West Africa £1,181,600, New Guinea £146,800, Caroline and Marianne Islands £94,100, Marshall Islands £32,500, Samoa £169,300, and Kiauchau £3,458,800. The exports were—East Africa £497,500, Cameroon £465,700, Togo £197,800, South-West Africa £10,800, New Guinea £66,700, Caroline and Marianne Islands £16,700, Marshall Islands £35,000, Samoa £101,400, and Kiauchau £1,235,800.

Yet a large part of the imports shown above consisted of Government stores, railway material, and other goods which are not in the nature of exchange; the great bulk of the imports of South-West Africa and Kiauchau were of this character.

The shares of Germany and Great Britain in the trade of the colonies are shown in the following table (Kiauchau and South-West Africa being omitted for the reason already given):—

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Imports of the Colonies (1905).

	From Germany.	From Great Britain.
	£	£
East Africa	390,050	17,650
Cameroon	504,550	152,350
Togo	298,050	29,800
New Guinea...	54,450	5,300
East Carolines	5,900	—
West Carolines	37,000	12,850
Marianne Islands	200	—
Marshall Islands	13,900	3,000
Samoa	41,350	1,000

Exports of the Colonies (1905).

	To Germany.	To Great Britain.
	£	£
East Africa	211,600	1,600
Cameroon	381,700	317,200
Togo	118,500	—
New Guinea	28,550	6,050
East Carolines	4,650	—
West Carolines	50	—
Marianne Islands	350	—
Marshall Islands	10,700	—
Samoa	42,450	—

The majority of the colonies must for a long time to come be regarded as plantation colonies, and on these lines they are being developed. Here, however, the white planter is faced with the difficulty of inducing the native to follow regular labour. The hut tax has been tried, and it has its friends as well as its opponents, but it has not solved the problem. The races of the several colonies are in this respect very diverse. In some districts they are easily trained to labour, in others idleness is a second nature, and in all the habit of steady employment is as yet undeveloped.

The West African colonies, Togo and Cameroon, have at present a population inferior both as to labour and morals. The natives do not work hard, for which the climate and wet districts are in part responsible, though on the other hand the soil is very productive and intensive cultivation is not necessary. In East Africa there is a better labouring class, but in South-West

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Africa the labour difficulty is for the present insuperable, since in decimating the Hereros the Germans destroyed the best material for developing the land. The last measure resorted to by General von Trotha for bringing the war to a close was undisguised suppression. "The Herero people," he wrote in his much-discussed proclamation of October 2, 1904, "must now leave the land. If it refuses I shall compel it with the gun. Within the German frontier every Herero, with or without weapon, with or without cattle, will be shot. I shall take charge of no more women and children, but shall drive them back to their people or let them be shot at." * As a result of this policy the desert did for the women and children what the bullet did for the men, and the colony's great need to-day is population. It is estimated that 10,000 natives, many being old people and the majority women and children, were driven into the Omaheke desert. The German missionary, Pastor Irle, estimates the number of the Hereros who succumbed to hunger and thirst at 14,000. Another missionary, Pastor A. Schowalter, writing in the *Gartenlaube* (1907), says: "The late war has reduced the Herero tribe by more than a quarter. After the battles on the Waterberg the rebels disappeared in the sand desert, and here the bones of 12,000 to 15,000 men who fell victims to hunger and thirst lie bleaching. Five thousand may have fallen in the battles, and thousands more have died in the concentration camps or on the railway works. Involuntarily one shudders when one hears the figures."

At the same time the land of the Hereros was appropriated by the Government and made fiscal domain, with a view to its colonisation by white settlers.†

Without inquiring into the rights and wrongs of the policy pursued, which is now matter of history and cannot be undone,

* The words were not intended to be taken literally, for an Order issued to the troops explained that "by shooting at women and children is to be understood shooting over them, so as to compel them to run away." The Order added: "I confidently assume that this Order will have the effect that no more men will be made prisoners, but that no cruelty will be shown to women. The latter will run away when shots are fired over them twice."

† Dr. Rohrbach, the Imperial Commissioner for South-West Africa, wrote: "The land question is solved. The Hereros have lost their land, which is now fiscal land and is settled by whites. The cattle question is also solved. The whole of the live stock of the Hereros has been destroyed: there are hardly any cattle left. Yet that does not appear tragic when one remembers the wonderful fertility of the country."

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there can be no doubt that German South-West Africa cannot for many years recover from the harrying which it has undergone. Speaking of this colony in the Budget Committee of the Reichstag on March 10, 1908, the Colonial Secretary said: "Against imports of a million and a quarter there are no exports at all, and the imports consist almost exclusively of articles necessary for the support of the 10,000 Germans." The Hereros were an intelligent, vigorous, and industrious tribe, alert, quick to learn and adaptable, and many were capable of employment as overseers in the mines. They have, however, been reduced to a small band, and this remnant is falling a prey to the diseases which so often attack the black on his contact with the effeminating influences of civilisation. Forced labour on farms and railway works is for a time being tried in the case of the late captives, and, it is held, with success. A German in the colony writes: "The employment of the prisoners at such labour has proved very advantageous, and the experience hitherto gained has been entirely satisfactory. The majority evidently do not regard their work as an infliction, but prefer it to their past life in the field, since they have sufficient food and clothing, with just treatment. After six months they are paid wages in money." Governor von Lindequist has more lately issued a decree placing all Hereros, Hottentots, and Bastards, with the exception of the Bastards of Rehoboth, under forced labour, though in exceptional cases land is rented to them. It is a measure contrary to Western ideas, but it would appear to be regarded by public opinion at home as the only means of relieving the labour problem and so of giving the colony a chance of rising above its difficulties.

On the whole, South-West Africa, owing to the mildness of its climate, and the large extent of its cultivable land and pasturage, is regarded as the most promising of the colonies, though the estimates of its value are very contradictory. While Dr. Karl Peters says that it "does not equal the poorest part of British South Africa," Dr. Rohrbach maintains that it "is much better and more fertile than most parts of Cape Colony." It is, however, significant that though a large part of the 22,000 volunteer soldiers who went out to take part in the expedition of the past few years did so with the fixed intention of remaining there as settlers, since they went with the Government's offer of

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£300 wherewith to establish themselves as free farmers, only 5 per cent. of them remained after having had full experience of the country and its possibilities. So, too, while General von Trotha says this colony is eminently suited to afforestation, his successor, General Leutwein, says that afforestation has absolutely no prospect.

Herr Dernburg alone has no reservations, but sees in South-West Africa a potential Argentina or Canada. Already he anticipates the day when the tide of emigration will turn thither from the channels which in the past depleted the home country, without helping towards the consolidation of a new Germany abroad, and he points to the day when "three million cattle and ten million sheep" will pasture upon its vast inland prairies.

No doubt the truth lies between the two extremes of undue depreciation and over-adulation. South-West Africa will not prove an industrial Eldorado nor a pastoral Eden, but it is a possible land of settlement in which many thousands of Europeans may in time live healthily and prosper moderately. Its greatest permanent disadvantage is the absence of a good harbour. Walfisch Bay, the natural outlet of the country, is in British possession, Lüderitz Bay has an unfavourable *Hinterland*, and Swakopmund, the only harbour left, is blocked by sands. The great value attached by the German Colonial Office to Walfisch Bay may, perhaps, be best judged by its apparent depreciation of it, yet as Walfisch Bay is not at present available —though an exchange for eligible territory in another direction would probably do Great Britain no harm and Germany much good—Swakopmund is to be opened up, and it is understood that a private company is prepared to build harbour works in return either for a Government guarantee or for valuable concessions.

While it is certain that agriculture in various forms must always be the chief source of wealth in all the colonies, the cost of farming on a large scale—and no other form of agriculture is conceivable—is prohibitory save for people with ample capital at command. In South-West Africa, for example, a farm capable of giving any adequate return must be 25,000 acres in extent. It is Dr. Rohrbach's view that of the 823,000 square kilometres of land only 450,000 can be colonised, and that at most 25,000 families will be able at any time to settle there.

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How little prospect the colonies offer to small farmers is shown by the fact that a capital of from £500 to £2,500 is necessary in order to be admitted to any one of them as a settler. Even labourers are only allowed to land if they have deposited the amount of the return fare, so that they may be sent back if they fail to obtain work. The rule states: "Any one who within a period of fourteen days fails to find work will be compulsorily deported home at his own expense." The emigration department of the German Colonial Society recently replied to an inquiring would-be colonist: "The German colonies are not suited to the reception of settlers with no means or even little. A large amount of capital and knowledge of tropical agriculture are both requisite. In South-West Africa, which is chiefly suited for cattle breeding, at least £1,000 or £1,250 has hitherto been regarded as necessary. The laying down of cocoa plantations in Samoa requires a capital of at least £2,500. Only in the German East African territories of West Usumbura and Langenburg, and in the Marianne Islands is settlement possible with about £500, to which must be added the costs of transport and equipment. A warning must be given against emigration to any of the German colonies for the purpose of settlement without the requisite financial resources."

And yet Herr Dernburg has spoken of small holdings of twenty-five acres being created on a large scale in the temperate regions in the near future.

A further serious obstacle to the development of the colonies is the need of roads and still more of railways. The bulk of the exports needs still to be carried from five to fifty days' journey on the heads of negroes, and only the more valuable products—such as ivory, rubber, wax, &c.—can as yet be remuneratively exported from the interior on account of the cost of transport, yet it is there that the greatest wealth of the colonies lies. Herr Dernburg has said: "In order to transport the produce of 150 hectares (375 acres) of good cotton land in the interior of Togo to the coast, no less than 1,000 men must be employed four weeks, so that a ton of produce costs £20 in transport alone by the time it reaches the port. When against that fact is placed the highly developed railway system of the Southern States of North America, one can no longer wonder that our large cotton territories have

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as yet done so little, and that it is necessary to help our small cotton export from Togo by a reduction of the steamer freights. The position in East Africa is far worse, for there the conveyance of a ton of produce from the interior to the coast requires at present a caravan of bearers and costs £125, while the same load could be brought to the coast by a railway in a short time and at a cost of only £2 5s."

The Governor of German East Africa, Count Götzen, recently wrote: "We must take the land as it is and not as it might be, and only two possibilities are open to us. The one consists of the abandonment of progress of any kind, and the other is the opening up of the country by railways." Some of the members of the party which accompanied Herr Dernburg on his visit to East Africa in 1907 returned with glowing accounts of this colony, its resources, its possibilities for settlement, and the prospects of successful cotton cultivation. The Usumbura and Wahehe countries alone were said to be capable of taking a million whites—more, be it said, than the entire white population of the century-old Cape Colony—but subject to one great reservation, the building of railways. Whatever may be thought of the prophetical part of their report, the necessity of railways is indisputable, and the need that exists in East Africa exists *pro tanto* in all Germany's colonies.

The need is to be met, and during the session of the Reichstag in 1908 proposals were introduced for the construction of no less than 900 miles of railway, to cost seven and half million pounds, spread over six or seven years. One line, 113 miles in length, is to run from Lüderitz Bay to Kalkfontein; in Togo there will be a line of the same length from Lome to Atakpame; 200 miles of lines are to be built in Cameroon, and 440 miles are to be built in East Africa. The money is to be raised by colonial loans, with Imperial guarantee. At present in the whole of the German colonies, with its area of over two and a half million square kilometres, and with twelve millions of inhabitants, there are only 1,883 kilometres (or 1,175 miles) of railway, distributed as follows (1906): East Africa 129 kilometres (225 kilometres in building or approved), Cameroon 50 kilometres (160 kilometres in building or approved), Togo 167 kilometres, South West Africa 1,102 kilometres, and Kiauchau 435 kilometres, including the Shanktung line. By way of comparison it may be

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said that to every 100,000 inhabitants of the British African colonies there are 3·43 kilometres of railway in work, while the ratio in the French colonies is 1·84 kilometres, in the Congo State 1·42 kilometres, and in the German colonies 1·21 kilometres.

Taking a broad view of the question, no one can fairly doubt that in seeking to consolidate and develop its colonial dominions Germany is chiefly actuated by concern for the future of its growing population and its industries. A desire to imitate older Empires, ambition to have its own "place in the sun," a determination to be in the full current of *Weltpolitik*—these considerations have also greatly influenced the Government and the colonial enthusiasts and they appeal strongly to the majority of the nation, yet the urgent need of new markets is the determining motive, and the motive is both justifiable and prudent. The question of emigration can hardly be said as yet to enter into the calculation, for the necessary conditions for emigration are wanting in nearly all the colonies. Though, indeed, the terms colonies and colonisation are generally applied to Germany's dominions in Africa and the Pacific, it would be more accurate to speak of protectorates and trading settlements, for not one of these possessions is a colony in the strict meaning of the word, and, as has been shown, not one of them is populated to any extent by whites.

Yet industrial interest and a justifiable ambition to rank, in whatever order, with the other world-empires would not of themselves afford the new colonial movement staying power. The most powerful impetus and incentive lies elsewhere. Tens of thousands of Germans who were left cold and indifferent to the colonial cry by the material argument have been roused by the sacrifice of life which has fallen to the last ten years. Such people, embracing broadly the entire military and official classes, the intellectuals, and the public-spirited higher middle class, whose interest in colonies is impersonal, recognise that the nation is now bound by every consideration of pride, dignity, and piety to retain possessions which have been bought with so heavy a price. "A country in which so many German sons have fallen and have been buried can no longer be a foreign land to us, but rather a piece of the home land, to care for which is our sacred duty." The words of General Deimling, applied specially to South-West Africa, express the sentiment of most

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patriotic Germans towards the colonial empire in general; blood and iron have welded its parts together as they welded together the States at home, and it has become a point of national honour that acquisations which have been so painfully made shall never be lightly surrendered.

Behind the colonial movement, as it has been reawakened and reinspired during the past few years, lies a virtually united nation. The Conservative parties were friendly to the movement from the first, and have never wavered in their attachment. Even the Centre, though it opposed the Government and brought about the dissolution of the Reichstag over a Colonial Money Vote in December, 1906, has in reality been one of the stoutest supporters of colonial enterprise from 1884 forward. To its credit it must also be recorded that it has refused to place exclusively in the forefront of colonial endeavours the purely commercial aspect of the question, and has insisted that colonisation must mean civilisation; hence its persistent plea for the humane treatment of the natives, for their protection against exploitation, whether by the white trader or tyrants amongst themselves, and for the encouragement of missionary enterprise; hence, too, its prominent part in unearthing and probing to the bottom the "colonial scandals" of recent years. An entire change has also come over the attitude of the Radicals, who are for the present almost more colonial than Herr Dernburg himself, though in the newness of their enthusiasm probably lies the uncertainty of its permanence.

More notable still is the fact that the Socialists are not as a party united on the old policy of hostility to colonisation as a mere device of "capitalism" for exploiting the helplessness of the noble savage, as it has exploited the helplessness of the Western working man—consolidated in millions in the invulnerable fortresses of Trade Unionism—for its own selfish advantage. Here, as in other directions, Socialism is being forced to retire from its negative position and to face the facts of history, not as yet fairly or courageously, it may be, yet "with the blinkers off." The debate on the subject which took place at the Congress at Stuttgart in 1907 showed the Socialists of Germany in a curious position of detachment from the views represented by France and other centres of irreconcilable and pedantic Internationalism. Herr Ledebour, the leader of the German

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extremists, did, indeed, add heat to that acrid discussion, but the light came from Drs. Bernstein and David, the spokesmen of the moderate, modern, rational tendency in that as in other departments of Socialist thought. "All the earth had been taken for colonies," said Dr. Bernstein, "and with the increasing power of the Socialist fractions in the different Parliaments Socialist responsibility increased. They must oppose the bourgeois Colonial policy, but they could not wash their hands like Pilate and say, 'We will have none of the colonies.' To do that would be to deliver the natives over to their exploiters. Why, according to that theory, one might as well talk of handing the United States back to the Redskins. Marx had said that the earth belonged to nobody. The peoples who occupied it had the duty of administering every territory for the good of humanity. However much damage the colonies might have caused, our economic life largely depended upon their products." *

The German delegates wisely declined to be dragged into an attitude of irreconcilable opposition to all colonisation, for it

* Dr. Bernstein has dealt with the subject in his book, "Die Voraussetzungen des Sozialismus und die Aufgaben der Sozialdemokratie," wherein he writes (p. 150):—

"The future has its claims upon us. When we bear in mind the fact that Germany at present imports yearly very large quantities of colonial products, we are bound to admit that the time may come when it may be desirable that we should draw at least a part of these products from our own colonies. If it is not wrong to consume the products of tropical plants it cannot be wrong to cultivate these plants ourselves. The question is not whether we should do this but how. It is neither necessary that the occupation of tropical countries by Europeans shall be attended by injury to the natives, nor is this on the whole the case. Moreover, the savages can only be conceded a conditional right to the land occupied by them. A higher civilisation has here in the last resort a higher right. Not the conquest but the cultivation of the ground establishes an historical legal title to its use."

So, too, the Socialist Herr Richard Calwer writes in *Sozialistische Monatshefte:* "German Socialists should not ignore the fact that our capitalists and employers are compelled to colonise if Germany's economic future is to be secured against competing countries abroad. There is no industrial country in the world which has so large an increase of population as Germany. We see how the enterprise of all other powerful industrial lands—Japan last of all—appropriates the globe, and Social Democrats cannot expect German enterprise to stay quietly at home and renounce the aims of world-policy. How is it expected that Socialism will be realised if this view prevails? Should not and must not capitalism first bring the world under subjection before a Socialistic organisation of economics will be possible? If this question be answered affirmatively, it follows that capital—including German capital as well—must go forth and subdue the world with the means and weapons which are at its disposal. There will still be ample room for criticism of capitalistic colonial policy."

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would undoubtedly have placed them in antagonism to the mass of Social Democrats, who are as jealous of national interests and of the national honour as the most clamorous members of the "State-maintaining parties." The position generally taken up by the leaders, in fact, is no longer hostility to colonies on principle, but hostility to any colonial policy which is not dictated by humane motives and informed by a genuinely civilising spirit. The adoption of this position brings them into line with parties whose principles and ideals on most domestic questions they do not share.

There is one interesting question—constitutional as well as military—involved by Germany's increasing colonial responsibilities which has never yet received the attention which it deserves, yet which one day will have to be faced seriously. A Colonial Army will sooner or later have to be formed, even though Germany's possessions beyond the seas should receive no further additions. But for such an army the constitution makes no provision. The only political party which has hitherto recognised clearly the direction in which events are marching is that of Social Democracy, and its attitude of *Obsta principiis* is consistent enough. Meanwhile, the Government has discreetly given no countenance to the view that a Colonial Army is the logical outcome of colonial expansion, and quite recently Herr Dernburg said, referring especially to South-West Africa: "The Government has no intention of creating a Colonial Army, but it is necessary to be prepared for all emergencies, and a peaceful occupation of the colonies is not possible, as may be concluded from the colonial wars of England and Holland." The Government may have no immediate intention of proposing any modification of the constitution, but in politics events are more powerful than principles, and often deal in a summary fashion with pious promises, and the ultimate issue of events it is not difficult to foresee. At present the troops who do service in the colonies are enlisted voluntarily and paid. In the year 1906 these troops numbered 4,579, 275 being stationed in East Africa, a garrison of 3,528 being stationed in Kiauchau, 609 being stationed in South-West Africa (apart from the remnant of the expeditionary force sent out to quell the rebellion of the Hereros), 275 in East Africa, 149 in Cameroon, and 18 in the other colonies, while the coloured troops numbered 4,386 in

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the aggregate. At the present time the army of occupation in South-West Africa still numbers 4,000 men, and there is no immediate probability of any large reduction, at any rate until the semi-military police force has been trained. This is to number over 1,200, mostly mounted men, and the majority of these whites.

It is not difficult to see what the attitude of this country should be towards the colonial endeavours of a friendly neighbouring Power. It has never been laid down in more statesmanlike words than by Mr. Gladstone in 1885, when the first and only serious colonial misunderstandings between England and Germany occurred. And even if it be true that the Emperor has said, "Wherever in the world I can drive a nail on which to hang my shield I will drive it," Germany has only been doing during the last twenty years what other colonial Powers had done a century before it, insomuch that all the best places for nails and shields were long ago appropriated. It is, of course, possible to detect in the frenzied utterances of Pan-Germans and others motives for colonial enterprise which are far from friendly to this country, yet until these men are taken seriously in Germany it would seem superfluous to attach importance to their utterances abroad. Those who are not influenced by the argument of amity may on other grounds reconcile to their consciences and their interest an attitude of at least benevolent neutrality. They may recall how in 1881, when France avowed designs against Morocco, Prince Bismarck quietly looked on, only remarking to those who wondered at his serenity that the more France occupied itself with colonisation the better it would be for Germany.

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CHAPTER XX

THE PRICE OF EMPIRE

The present financial position of the Empire—Parties call for an Imperialistic policy, but are unwilling to pay the cost—Increase of the Empire's expenditure during recent years—The extension of the army and navy the principal cause—Debts of the Empire and the States—Much of the indebtedness of the States is nominal—Prussia's national balance-sheet—The Empire's need of more revenue—Direct *versus* indirect taxation—Present sources of Imperial revenue—Direct taxes not opposed to the constitution—Objections to them stated—Additional revenue will probably be derived from tobacco, beer, and spirit—The idea of a State spirit monopoly—Income-tax and its incidence in the principal German States—The revenue derived from remunerative State enterprises.

GERMAN parties, with the single exception of the extreme democrats, find themselves at present in a difficult and contradictory position; they are united in calling for an Imperialistic policy, yet they are also unanimous in complaining of the cost of this policy, and they disagree as to the sources from which the increased taxation, which every one recognises to be inevitable, shall come. The ever-increasing weight of military taxation has been borne with patience, but though a spirited foreign policy is undoubtedly popular, much misgiving prevails as to the still heavier expenditure to which "Marinismus," to use the catchword of the popular parties, will eventually commit the Empire. Nor is the taxpaying citizen alone in grumbling; some of the federal States are likewise alarmed by the growth of the matricular contributions by which they are pledged to make good the Empire's deficits.

Already the Empire's expenditure has advanced to a sum never contemplated in the quieter days of the old *régime*, and its debt has rapidly expanded from a few modest millions of marks

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to several milliards. It is difficult to believe nowadays that during the first few years of the Empire's career a revenue of about seventeen and a half million pounds was on an average sufficient to meet its needs. Of this revenue from a quarter to a third was derived from customs duties and the tobacco duty; one-half from excise duties on sugar, salt, beer, and spirit, from stamps, and from profits from the Imperial post and railway services; while from two and a half to three and a half millions came from the federated States in the form of matricular contributions. By the year 1888 the entire Imperial expenditure had reached about £37,000,000, in 1898 it was £69,000,000, and the budget of the present year contemplates an expenditure of £121,600,000, of which £16,280,000 is described as non-recurring, though as the greater part of this amount relates to the army, navy, and the colonies, its equivalent in other forms will not improbably appear in later budgets. While during the past twenty years the population of the Empire has increased by 30 per cent., its expenditure has increased by 230 per cent.

Much of this large increase is due to normal causes which operate in all countries equally, such as expenditure on the various branches of the Civil Service, but the lion's share falls to the army and navy, and it is significant that the great expansion of expenditure on this head has taken place since Germany elected to become a colonial Power. In 1880, before that step was taken, the expenditure on the army and navy together was only £23,000,000; ten years later it was still below £35,000,000; but the army and navy estimates for 1908 provided for an expenditure of £51,000,000, without counting the pension fund. The expenditure on the navy has shown the largest relative increase during recent years. In 1888 the navy cost just two and a half million pounds, and ten years later the cost was six and a half millions. In 1900 the navy was supposed to have been placed upon its final basis, and the estimates still fell below ten million pounds. The carrying out of the 1900 programme of construction, together with later modifications, brought the naval budget to twelve million pounds in 1906, to over thirteen and a half millions in 1907, and to over sixteen and a half millions in 1908; and from now and until 1917 the average annual expenditure on the navy, even on present estimates, will exceed twenty millions, of which three and a half millions are regularly to be

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raised by loan. The colonies are directly as well as indirectly responsible for heavy expenditure. Twenty-five years ago the colonies did not appear in the budget at all. As late as 1898 they only cost the Empire six hundred thousand pounds; during the last five years the average cost of the colonies, in administration, subsidies, and military expeditions, has been about two and a half millions, and the budget for 1908 provides for nearly three and a quarter millions, of which South-West Africa absorbs £1,736,000, New Guinea £559,000, Kiauchau £524,000, East Africa £231,100, Cameroon £136,000, and the South Sea Island colonies £21,000.

Imperial expenditure also promises to increase in the immediate future at an even more rapid rate than hitherto. The budget for 1908 showed a deficit of four million pounds, and the deficits anticipated on the present basis of taxation during the next five years are estimated at over forty-two million pounds, for the navy will require £23,500,000 more, the army £6,250,000, £7,850,000 will be needed for the extension of the North-Baltic Sea Canal, £2,800,000 for Imperial railways, £1,100,000 for dwellings for Civil Service employees; while in addition the Empire is to guarantee £7,750,000 for colonial railways. A considerable part of the foregoing expenditure will properly be placed to capital account, and will be met by loans, though little of it can be regarded as remunerative in the commercial sense. Even allowing for loans, however, the Empire needs an additional annual revenue of at least eight million pounds.

The financial crisis, such as it is, has only been staved off so long by systematically transferring large items of expenditure from the ordinary to the extraordinary estimates and covering them by loans. Even four years ago Baron von Stengel, then Secretary to the Treasury, told the Reichstag (December 4, 1904): "I cannot conceal from you that the prospect is a very dismal one, and I have no hesitation in declaring quite frankly that it is impossible to go on in the way we are doing." Thirty-two years ago the Empire had no debt at all. It was in 1876–1877 that it began to borrow, yet by 1885, on the eve of the colonial era, the debt was only twenty and a half million pounds; ten years later it was one hundred and four millions; and to-day it is over two hundred millions, so that a sum

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exceeding half the entire principal of the Imperial debt of twenty-six years ago is now paid in interest. The Minister of Finance, Baron von Rheinbaben, said recently: "It is, unfortunately, the fact that in debt-making we excel all other countries, and especially France and England. In a period in which France has made no addition to its National Debt, our Imperial Debt has increased nearly tenfold. Unquestionably this fact does not serve to increase the political and economic prestige of Germany abroad." The indebtedness of the Empire is now £3 4s. per head.

In addition, the debts of the individual States have to be taken into account. The aggregate amount of the funded debts of the federal States in April, 1906, was £609,500,000, Prussia having a debt of £360,921,000, Bavaria a debt of £83,556,000, Saxony one of £46,072,000, Würtemberg one of £26,991,000, Baden one of £21,879,000, and Hesse one of £17,956,000.

During the years 1901–1906 the debt of Prussia increased by £38,500,000, or 11·7 per cent., that of Bavaria by £17,200,000, or 25·2 per cent., that of Saxony by £5,500,000, or 13·4 per cent., that of Würtemberg by £2,800,000, or 11·4 per cent., that of Baden by £5,600,000, or 33·8 per cent., and that of Hesse by £4,100,000, or 28·9 per cent. Counting Imperial and State debts together Prussia has an indebtedness of £12 17s. 7d. per head, Bavaria one of £16 0s. 2d., and Hesse one of £18 1s.

Here, however, it is necessary to remember that a large part of the indebtedness of the individual States is nominal, inasmuch as it has been contracted on behalf of revenue-yielding enterprises, so that behind it are commercial assets, which in some cases far exceed in value the loans still standing against them. Thus the railways of the States were in 1905 valued at £680,000,000, and the debt on them amounted to £357,000,000. The State mines of various kinds, the 1,769,000 acres of State lands, and the 12,879,000 acres of State forests also represent an enormous though uncalculated value. Of the debts of the Empire and the States together nearly one-half consists of railway loans, which are being reduced every year by assignments from profits.

The case of Prussia is particularly instructive. According to the last budget, the entire interest on the national debt, including railway loans, was £16,400,000, and of this

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£14,600,000 was borne by the railways, leaving only £1,800,000 as a charge on the general revenue. Of the entire State debt of £400,000,000, £356,000,000, or 89 per cent., was on account of remunerative undertakings, and £44,000,000, or 11 per cent., on account of unproductive expenditure. The actual debt, in the strictly commercial sense, is only this £44,000,000. But if against this sum were placed the capital value at 4 per cent. of the profits from the State's productive undertakings, not only would the debt disappear, but the State would be shown to have a balance of assets over liabilities of £387,000,000. In reality, however, Prussia is better off than its budget account would lead one to suppose, for a large part of the railway loans has been paid off and a great amount of capital expenditure has been, and still is, charged to revenue. The Prussian Minister of Finance, Baron von Rheinbaben, a short time ago prepared a still more favourable balance-sheet. He placed the capital value of the State railways at £975,000,000, that of the fiscal forests and lands at £390,000,000, and that of the fiscal mines, smelting works, and other undertakings at £35,000,000, making a total of £1,400,000,000. Against these assets he showed liabilities of £505,000,000, in its national debt and its share in the debt of the Empire, leaving a balance of £895,000,000.

In spite of the largeness of the Imperial Debt as compared with twenty years ago, however, it would be incorrect to speak of the Empire's financial position as disastrous. The simple fact is that the nation has committed itself to foreign undertakings and responsibilities without counting the cost; these enterprises are taxing its resources far beyond the measure to which it had become accustomed, and the outcry which has arisen is for the most part the outcry of the unthinking crowd which always refuses to connect causes with effects or effects with causes. "The disorder of the Empire's finances is the real German question of to-day," writes in a recently published book a German publicist who, after maligning first England and then Russia, has turned his hand against his own country. "Soon it will be so spoken of not only at home but abroad. It is not Social Democracy or Ultramontanism that threatens the Empire, but the unhappy financial development which is the result of an accumulation of political and personal guilt since

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the Imperial proclamation at Versailles. The growth of the Imperial Debt and the decline of the Imperial credit decrease the Empire's financial readiness for war. The increasing contrast between the nation's growing riches and the growing poverty of the Imperial Treasury has illumined as by a searchlight the confusion of our political and financial conditions. By its long-standing resistance to the welfare of the Empire particularism has made itself responsible for the present financial distress, but it has undermined its own right of existence rather than that of the Empire. Particularism has played its last card. The way is open for a great expansion of the Reichstag's power. The expense of the multiplicity of States must be diminished by a good milliard marks a year." These words are a fair sample of the irrational polemic which has arisen over the question of Imperial finance in Germany, and as is usually the case truth will be sought vainly in violent dogmatism of the kind. The Empire is in no financial danger, and far from particularism—by which the North German invariably means the assumed narrow outlook of the Southern States—having been the cause of its straitened resources, the blame, if any be due at all, must be laid at the doors of the powerful North German parties.

As to the financial aspect of the question, it would be absurd to conclude from the occurrence of a succession of deficits, which might have been checked long ago had difficulties been fairly and boldly faced, that the Empire's credit is seriously shaken. Such a thing is impossible, for the sufficient reason that the federal States are sureties for its stability and solvency, and while the States have large liabilities they have, as we have seen, still larger assets. The difficulties which beset the Empire have their origin mainly in the fact that the Empire has never been placed in possession of more than a bare subsistence. Its revenues have, it is true, been enlarged from time to time, yet always with a view to meeting the needs of the moment; the States have always restricted its resources with a jealous and even a niggardly hand, from a not unreasonable fear that an opulent Empire might develop improvidence and get beyond the control of its responsible guardians.

The Federal Government's independent resources are limited to the proceeds of the Imperial railways, posts and telegraphs,

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customs and excise duties, stamp duties, a portion of the proceeds of an inheritance duty, and some minor imposts. Even the receipts from customs duties and excise beyond a fixed sum are appropriated by the States in proportion to population, with the result that a call has to be made on the Treasuries of the various States, to which the Empire goes, as it were, cap in hand, to beg for the needful funds. Owing to a series of deficits which occurred in the years 1900–1903 article 70 of the constitution, which deals with matricular contributions, was amended in 1904 so as to read:—

"The revenue common to all the States of the Empire which is derived from the customs, from Imperial taxes, from the Imperial railways, posts and telegraphs, and from Imperial administrative receipts shall, in the first place, serve to meet all common (Imperial) expenditure. In so far as that expenditure is not covered by the revenue derived from these sources it shall be met by contributions from the several States in proportion to population, such contributions being called for by the Imperial Chancellor up to the amount fixed by the Imperial Budget. In case the assignments [by the Empire to the States from the proceeds of the customs and excise duties] fall short of these contributions the difference shall be refunded to the federal States at the end of the financial year to the amount up to which the remaining ordinary revenue of the Empire exceeds its requirements. Any surplus from previous years shall, unless the Budget Law otherwise provides, be employed to meet common extraordinary expenditure."*

From the beginning customs duties have been the mainstay of Imperial revenue, and to this fact, equally with the protective purpose which is behind the duties, must be attributed their repeated increase, until the revenue now derived from customs is six times that of thirty-six years ago. In their origin, however, these duties were not adopted as part of a system of protection; they were chosen by Prince Bismarck as the only alternative

* Under the Finance Act of June 3, 1906, the matricular contributions were divided into three kinds—(1) those balanced by the Empire's revenues set apart for the purpose from the customs and excise duties, being contributions paid by the States and refunded in full; (2) contributions to a maximum of £1,174,800 not covered by such assignments and payable to the Empire at once on need; and (3) deferred uncovered contributions, exceeding the last-named sum, which are only payable by the States in the third year if then found necessary on the closing of the accounts.

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then possible to a system of complete federal maintenance or to direct taxation, both of which he refused to accept.*

It was, in fact, one of Prince Bismarck's dicta that "Whoever wants to make the electors discontented with the Government will seek to maintain the direct taxes; whoever wishes to see the population contented will favour indirect taxes." When the first North German Confederation tariff of October 1, 1870, came into force the burden imposed on the consumers was slight, for the need of funds was small and the tariff generally followed Free Trade principles. The year after the Empire was established on its present basis (1872), the total yield of the customs duties was less than five million pounds, equal to 2s. 4d. per head of the population. The revenue grew with increasing population and consumption, but it was not until 1879 that the tariff, by being revised on strictly protective principles for the benefit of agriculture and in a secondary degree of industry, became the settled and recognised foundation of Imperial finance. In 1880 the customs duties yielded £8,420,000, or 8s. 9d. per head of the population; and from that year there was a large increase annually, until £11,000,000, or 4s. 11d. per head, was reached in 1885, £14,400,000, or 6s. per head, in 1888, and £19,000,000, or 7s. 8d. per head, in 1891. Then came the conclusion of the Caprivi commercial treaties, the effect of which was to curtail the revenue from this source for several years. The old level was exceeded for the first time in 1896, when the duties yielded £21,680,000, or 8s. 3d. per head, and the maximum yield occurred in 1905, viz., £31,290,000, or 10s. 4d. per head, owing to a largely increased import of corn, tobacco, and other articles in anticipation of the coming into operation in March of the following year of the Bülow tariff of 1902. In 1906 the revenue from the duties fell to £27,850,000, or 9s. 1d. per head.

On the whole the receipts from these duties have yielded from a third to a half of the Empire's entire revenue, though counting the assignments made to the States the proportion has occasionally exceeded one-half. Naturally the bulk of the customs revenue is derived from articles of food and consumption. Of

* An account of the origin of the customs duties and of Prince Bismarck's theories of taxation appears in "Protection in Germany: a History of German Fiscal Legislation during the nineteenth century," by William Harbutt Dawson (London: P. S. King and Son).

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667,760,000 marks gross yielded by the customs duties in 1906 134,063,000 marks, or 20 per cent., came from manufactured goods, 35,910,000 marks, or 5·4 per cent., from raw materials used for industrial purposes, and 497,787,000 marks, or 74·6 per cent., from foodstuffs and articles of consumption of all kinds (including tobacco) and cattle. The manufactured articles which yield the largest revenue are cotton and woollen goods (including yarns), silk and linen goods, iron and iron ware (including machinery), leather and leather goods, earthenware, and glass.

The excise duties, the Empire's second main source of revenue, have likewise been increased from time to time. In 1872 these duties yielded a little more than three and a quarter million pounds; successive increases, and in a less degree growth of population and consumption, have brought the yield to about twenty millions.

The following was the revenue from these two sources at different dates between 1872 and 1906 :—

Revenue in Millions of Marks.

	1872.	1882.	1892.	1902.	1906.
Customs duties.	97·1	191·5	360·0	497·6	557·0
Sugar duty ...	4·1	46·1	65·5	98·2	138·4
Salt duty ...	24·6	37·8	42·6	49·4	55·8
Spirit duty ...	24·3	38·5	115·6	123·3	121·3
Beer duty ...	12·7	16·6	25·0	29·1	46·1
Tobacco duty ...	1·3	11·3	11·3	12·0	16·6
Total ...	164·1	341·8	620·0	809·6	935·2
Per head of the population ...	4s.	7s. 6d.	12s. 4d.	13s. 10d.	15s. 3d.

The other principal sources of Imperial revenue to-day are the stamp duties, which were estimated to yield in 1908 over six million pounds, the inheritance duty, estimated to yield two million pounds, and the Empire's remunerative undertakings, viz., the railways in Alsace and Lorraine, the posts and telegraphs, the Imperial Printing Works, and the Mint, yielding together five and a half million pounds.

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The fact which stands out in the Empire's financial position is the utter inadequacy of peddling measures to alleviate matters. An attempt was made eight years ago to place finance on a sound footing, and for the expenditure of that day the new resources opened up seemed sufficient. A further increase of the navy estimates made additional revenue necessary in 1906, and as a result of the revision of the taxes in that year the beer duty was increased, a duty on cigarettes and an Imperial legacy duty were introduced, besides several other petty duties like those on railway tickets and company directors' fees, but the proceeds of these new or increased taxes have entirely disappointed hopes. Some have yielded more than was expected, but others far less, so that the total revenue from these new sources has fallen half a million pounds below the estimate. Whatever may now be done, it is certain that the petty expedients that were left over at the last revision of the taxes—motor-car and picture-postcard taxes, export duties on coal, rubber, and rags, and so forth—will no longer avail, and that financial reform on heroic and fundamental principles will be necessary.

This unpleasant prospect has renewed, in an aggravated form, the controversy over indirect and direct taxation, a controversy as old as the Empire. In the party which favours the further development of indirect taxes, including the increase both of the customs and excise duties, are found all the Conservatives, most of the Ultramontanes, and many of the National Liberals; to the other party belong all the Radicals and Social Democrats, the National Liberals of moderately Protectionist complexion, and the more democratic social reformers of the Centre party. The direct-tax party wishes to see the protective duties give place gradually to taxes which will apportion the burden of public expenditure more equally. It especially calls for an Imperial income-tax, a tax on capital, and the further development of the death duties; and many people would not be averse from a military-service tax, falling for a period of years, as in France, Austria, Switzerland, and some other countries, upon able-bodied citizens who are not called up for training owing to the excess of efficient men beyond the requirements of the annual peace strength. As to the last, the idea is that young men who are not called to the colours shall up to their thirty-second year pay a special poll-tax of 4s. yearly as well as an

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income-tax rising, from 10s. on an income of £50, by gradual increments to 3 per cent.; the parents being surety for the payment of the tax, yet persons suffering from physical or mental defects being exempted. The chief objections to such a tax are that it would degrade the obligation to defend the national hearth and altar to a formal duty compoundable by a money payment, that it would discourage the sentiment of patriotism, and that it would in practice be found to open the door to the worst sort of favouritism. Such a tax was seriously proposed in the form of a Bill many years ago, but it was decisively rejected, and there is no reason to expect that it would meet a different fate to-day. The Socialists in particular, ever prolific in projects of taxation, ask that the Empire's future needs shall be met by a professional income tax beginning with incomes of £300 and increasing according to requirements from year to year, by a special tax on funded income, and by heavier legacy duties.

In this struggle between the indirect and direct taxation parties the Government on the whole, in spite of its resort two years ago to an inheritance duty, which it shares with the federal States, leans strongly to the side of the Conservatives, and it does so on the plea that direct taxes are "contrary to the constitution." The Secretary to the Treasury recently stated the position of the Executive as follows:—

"The federal Governments will not propose a direct Imperial tax, and they believe that in this they are acting according to the sentiment of the Reichstag. The Socialists call for the introduction of direct Imperial taxes with great urgency, and their programme sets forth that in this way it will be possible to arrive most quickly and most surely at the goal of a uniform State. But what inroads in the domain of legislation, administration, and control, now exercised by the individual States, would be necessary on the part of the Empire in order to effect a just distribution of the direct taxes between the various States! The appeal to the Imperial legacy duties is inapplicable, for a man dies but once, and direct taxes are levied every year. It is no accident that in the United States and Switzerland no one ever thinks of introducing direct federal taxes; in those older States it was recognised long ago that the direct taxes must be left to the individual States if the federal basis of the constitution of

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those States was to be preserved intact. The German federal Governments take the same view; they will resist on principle any attempts in a different direction. The reform of the Imperial finances can only be effected in the domain of the indirect taxes assigned to the Empire by the constitution."

Baron von Rheinbaben still later endorsed this statement, affirming, "The Federal Council will under no circumstances propose the introduction of direct Imperial taxes. With direct Imperial taxes the federal constitution of the Empire would fall to the ground."

Now there may be valid objections to some of the direct taxes proposed, but they are certainly not opposed either to the letter or the spirit of the constitution as originally framed. In its first form article 70 ran: "Towards defraying all common expenditure shall be used—(1) any surplus of the preceding year and the revenue derived from the customs duties, the common excise duties, and the postal and telegraph system; and (2) in so far as the expenditure is not covered by these revenues it shall be made up, *so long as Imperial taxes are not introduced*, by contributions of the Federal States according to population, which contributions shall be assigned by the Imperial Chancellor up to the amount required by the Budget." The words italicised, "so long as Imperial taxes are not introduced," show clearly that, while the authors of the constitution intended that the Empire should have a lien upon the customs and excise duties, they regarded the contributions of the States as temporary, and expected that the Empire would eventually have direct taxes of its own, like the individual States. It is true that in a revision of the clause this reservation was omitted several years ago, yet even now there is no constitutional objection to direct taxes. Prince Bismarck once said to the Reichstag: "The Imperial constitution presupposes that the condition of contributions by the separate States shall be a transitional one, lasting only until Imperial taxes shall have been introduced," though at the same time he preferred indirect taxes to direct on the ground that the former are paid in instalments, the amount of which is hardly calculable at any given time. In general, as we have seen, this principle has also been followed by successive Governments to the present day—indirect taxes for the Empire, supplemented by contributions from direct taxes raised in the several States.

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The strongest and only conclusive argument against an Imperial income tax, which is what the popular parties specially desire, is the argument of expediency. Already German citizens pay two income taxes, one to the State to which they belong and a super-tax for local purposes, based upon the State assessment, to the commune in which they are resident, this super-tax being in most States the foundation of local finance. The addition of a third tax upon income would in many cases entail intolerable hardship, especially when, as happens in some Prussian towns, the existing State and municipal income taxes together already amount to as much as 10 per cent. of middle-class incomes. An Imperial tax of this kind would also be a serious interference with a source of revenue which the States have hitherto specially reserved for their own purposes, and from which, indeed, most of them derive the greater part of their resources. It is certain that every other practicable measure of taxation will be tried before the Reichstag will consent to a general tax on income, though no one dare predict that it will not eventually be necessary. Any serious diminution of the revenue from customs and duties, by the lightening of the tariff in a free trade sense, might make such a tax at once inevitable.

It will be seen, therefore, that beyond the motive of protection for agriculture and industry, long-standing attachment to the existing system of indirect taxation is a powerful argument in favour of the retention of the tariff on such a basis as will afford the Empire the largest possible revenue.

The easiest solution of the fiscal difficulty, and the one which will in all probability be adopted, is a further increase of the taxes on tobacco, beer, and spirits—taxes which have more than once in the past saved the financial situation. It cannot be said that these taxes are excessive at present, and least of all is this the case with the tax on tobacco. Before 1879 the tobacco excise tax took the form of a tax on the area cultivated, but in that year a tax was imposed on the raw produce itself, this tax being first fixed at 10 marks per cwt. (a rate increased in 1881 to 15 marks and in 1882 to 22½ marks), and on substitutes at 32½ marks; while the customs duty was 42½ marks per cwt. on tobacco leaf, 135 marks on cigarettes, and 90 marks on other kinds of tobacco. On three occasions (1882, 1894, and 1895) the

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Government has endeavoured to establish a State monopoly in the manufacture of tobacco, as in the case of France, Austria, and other countries, but it has met with little support, and until 1906 its repeated proposals to tax manufactured tobacco likewise failed. Even now the only tax on the finished product is that which applies to cigarettes and cigarette tobacco, the revenue from which in 1907 was estimated at a little over half a million pounds. In general, however, the duties and taxes on tobacco continue much as they were twenty-five years ago, with the result that a source of revenue, which in the United Kingdom yields over thirteen million pounds, yields in Germany, with its far larger population, only some five million pounds.

There is no uniformity in the excise duties on beer brewing, for the South German States have retained their old privileges, to the extent that they impose their own duties and pay the Empire a limited proportion of the proceeds. The result of this divided system is great inequality, for while Baden and Würtemberg levy beer taxes to the extent of 4s. per head of the population and Bavaria 5s. 6d., the taxation in North Germany is only 10½d. per head, and the average for the whole Empire is only 1s. 7d. Until the North German brewing tax was increased in 1906 there had been no change in this tax for over eighty years. In English ears it will sound strange that no German party waxes so indignant when there is talk of the higher taxation of beer than the Radicals, most of whom would as soon vote away the constitution as surrender their immemorial right to drink deeply, because cheaply, of this popular beverage. The entire yield for the whole Empire of the customs and excise duties on beer was in 1905 four and three-quarter million pounds. If the excise tax were raised throughout the Empire to the Bavarian level an increased revenue of at least ten million pounds would, from this source alone, be available for division between the Empire and the States outside what is known as the "brewing tax area."

Spirits are already taxed much more heavily than beer, and by several methods, chiefly by an excise duty, a distilling tax, and a mash-tub tax, the last falling on all spirit produced in agricultural distilleries using corn and potatoes. The proceeds of these duties range from five to six million pounds per annum, and it is generally agreed that a good deal more might be

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derived from this source with advantage to the consumers and the community. It is probable, however, that the Government will eventually press for a State monopoly, seeing that public opinion more and more favours this method of regulating the sale of spirit for the common advantage. The idea is that the State shall take over, not the distilleries, but the spirit they produce, determining the output each year, buying it at a price that will allow a proper profit to the producers, and fixing the price at which it shall be sold to the public in accordance with the needs of finance and the competition of foreign distillers. It cannot be said that the plan proposed promises that economy of production which is one of the principal justifications of the industrial syndicate; on the contrary, it is probable that the effect of the State purchase of spirit on the loose principle of guaranteeing the distillers a profit under all circumstances will be to diminish individual effort and to encourage dearer production, for which the consumers would have to pay.

The one thing certain about the operation of such an incomplete *régie* as this, which will simply make the State a monopolist middleman on a large scale, is that the price of spirit will at once become much dearer, for little economy can be effected in the cost of retailing to the public, and it will be the object of the monopoly to give the Empire a largely increased revenue from that commodity. Twenty years ago Prince Bismarck worked out a scheme of the kind which would have yielded the Treasury an additional fourteen million pounds; but in the interval the taxation of spirit has several times been increased, and while the great advantage of taxation by monopoly is a considerable elasticity in revenue, this high figure seems for the present unrealisable. It might almost appear as though the corn and potato growers of East Prussia had paved the way for a State spirit monopoly by the establishment some years ago of their Central Agency for the Spirit Trade, which acts as a depôt for the large distilleries and regulates prices on a more or less monopolistic basis. So far as that part of the Empire is concerned—and Prussia furnishes 85 per cent. of the country's entire spirit production—the distillers have both shown the Government that the successful concentration of the spirit trade is possible and have provided the needed machinery.

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Perhaps the most novel method of reinvigorating the Empire's finance is that which Professor A. Wagner proposed at the 1908 conference of the Land Law Reform Society, held in Stuttgart. It was none other than the institution of an Imperial tax on unearned increment, from the proceeds of which the Empire should be allowed to retain as much as it required, while the balance should be handed over to the individual States. It is a fatal objection to such a tax, however, that the municipalities have forestalled the Empire; a considerable number of towns, both large and small, in Prussia and other States, encouraged by their Governments, have already introduced a special tax on the increased value of land; and before long this tax will in all probability be recognised as an integral part of the system of local taxation, both in town and country.

"We have entered on a period of large votes," said a well-known Liberal member of the Reichstag at the outset of what is known as the "Block" *régime*, and the prediction has already come true. Yet if the Empire is both spending and borrowing more freely than ever before, the wealth of the nation has greatly increased during the past twenty years of strenuous industrial enterprise. The Colonial Secretary and ex-banker, Herr Dernburg, recently estimated the extent of the increase between 1884 and 1904 at 30,000 millions of marks, or roughly £1,420,000,000, a figure which the Socialist newspaper *Vorwärts* accepted without demur. All estimates of the kind are to a large extent guesswork, however, for the data for calculation are extremely inadequate. So far as Prussia is concerned the most unexceptionable—yet still very partial—evidence is that afforded by the income-tax returns. Baron von Rheinbaben, the Prussian Minister of Finance, stated recently that the income liable to this tax increased from £285,000,000 in 1892 to £516,000,000 in 1906 and £573,000,000 in 1907, an increase of £288,000,000 in twenty-five years. The total number of income-tax payers in Prussia—that is, persons with incomes exceeding 900 marks—was in 1892 2,435,858; the number in 1906 was 4,672,429, an increase of 2,236,571, or 91·8 per cent.; the increase of population having been in the interval 23·7 per cent. Nine-tenths of the increase in the number of taxpayers which took place between 1892 and 1906 occurred in the income group

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between 900 and 3,000 marks, the number of whom increased from 2,118,969 to 4,145,954. The taxpayers in the income group 3,000 to 6,000 marks increased from 204,711 to 343,411; those in the group 6,000 to 9,500 marks from 55,381 to 89,376; those in the group 9,500 to 30,500 marks from 46,096 to 74,755; those in the group 30,500 to 100,000 marks from 9,039 to 15,760; and those with incomes exceeding 100,000 marks from 1,659 to 3,173.

The following classification of the income-tax payers between 1895 and 1907 shows that there is a gradual movement of the earning part of the population across the exemption line (£45), and that the Socialist dogma of the increasing impoverishment of the masses is not substantiated by Prussian experience:—

Percentage of Taxpayers with Incomes of—

	900 to 3,000 M.	3,000 to 6,000 M.	6,000 to 9,500 M.	Over 9,500 M.
1895 ...	87·54	8·13	2·17	2·16
1896 ...	87·52	8·10	2·18	2·19
1897 ...	87·51	8·09	2·18	2·23
1898 ...	87·29	8·20	2·23	2·28
1899 ...	87·36	8·12	2·22	2·30
1900 ...	87·74	7·86	2·14	2·25
1901 ...	88·05	7·86	2·08	2·20
1902 ...	88·04	7·75	2·07	2·14
1903 ...	88·15	7·72	2·05	2·08
1904 ...	88·38	7·59	2·00	2·01
1905 ...	88·58	7·45	1·97	2·02
1906 ...	88·73	7·33	1·93	2·01
1907 ...	89·60	8·53		1·87

It is true that the number of persons exempted from the payment of income-tax in Prussia increased between 1895 and 1906 from 8,495,790 to 8,835,226, an increase of 339,436, or 4 per cent., but the population increased during the same period by nearly 20 per cent. At the same time Prussia has a growing class of "millionaires," though as the calculation is in marks, the German millionaire is only 5 per cent. of the English millionaire, and about 20 per cent. of the American. Of these minor millionaires, Prussia had in a recent year 5,510 in the towns and 1,899 in the country districts. Of the inhabitants of Berlin 6·7 per 10,000 were millionaires, and other ratios were —Aix-la-Chapelle 7·2 per 10,000, Bonn 12·3, Charlottenburg 17·8, Cologne 5·9, Düsseldorf 8·1, Frankfort-on-Main 17·9, and Wiesbaden 20·7. In absolute numbers Berlin took the first

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place with 1,308, Frankfort following with 584, then Charlottenburg with 381, Cologne with 255, Wiesbaden with 208, Düsseldorf with 193, Breslau with 161, Magdeburg and Hanover with 107, Bonn with 101, and Aix-la-Chapelle with 72.

It is impossible to form any useful estimate of the savings of the working classes separately, inasmuch as the public savings banks are largely used by the lower middle classes. It may be noted, however, that the aggregate deposits in these banks at the end of 1904 were £590,000,000, of which some £40,000,000 had been deposited that year, and of these amounts £380,000,000 and £26,000,000 respectively fell to Prussia.

The question whether Germany under modern conditions is a land of high or low taxation is evidently one which does not admit of a summary answer. A well-known German statistician, Dr. F. Zahn, recently estimated the amount raised in direct taxation per head of the population at 8s. 2d. and that raised in indirect taxation £1 6s. 6d., and in view of these figures he contended that Germans were not so highly taxed as either Frenchmen or Englishmen. Obviously, however, no comparison of the kind can profitably be made which omits to take into account the relation of taxation to income. Moreover, comparison between the United Kingdom and Germany is invalidated owing to the fact that a large part of the revenue of the German Empire is drawn from taxes upon corn and other foodstuffs which have no place in the British fiscal system, and it is of the nature of such taxes that they entail upon the community a charge far larger than that represented by the revenue actually yielded to the Treasury. Hence when the late German Minister for the Interior, Count von Posadowsky, stated in the Reichstag on a recent occasion (March 2, 1907), "I consider it to be proved that the English people are more heavily taxed by their system of finance duties than the German people with protective duties," * Deputy Gothein at once rejoined that, "Owing to the incidence of the duties on bread and meat alone, the Germans pay £1 10s. 6d. per head per annum, though the customs returns, based on mere imports, only show a tax per head of 8s." Further, in Germany taxation, direct as well as indirect, falls upon a far wider circle of the population than in this country;

* Count von Posadowsky found proof of this in the heavy taxation of spirit in the United Kingdom.

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the German duties on articles of daily consumption and use are of universal incidence and cannot be evaded, while the income-tax falls upon very small incomes.

The general principles governing this tax in Prussia are briefly as follows. The gross taxable income is made up of money and "money value," the latter including all payments in kind, rent-value of houses used by the occupiers, &c. Liability to the payment of the tax begins with an income exceeding £45, but the earnings of members of a household are counted together. Deductions are allowed in respect of premiums paid to sickness, accident, old age and invalidity, widows' and orphans', and pension funds, also life insurance premiums to a maximum of £30. Further, where the taxable income of the head of a household does not exceed £150 a deduction of £2 10s. may be made from the income before declaration for every member of the household under 14 years; should there be three such minors the taxpayer is reduced at least one step in the income schedule; and should there be four such minors he is reduced two steps. Extra allowances are made on account of special educational expenditure, also sickness and other misfortunes. Subject to these alleviations the scale of taxation is as follows for incomes up to £5,000 (the mark being taken as equivalent to a shilling):—

Income Groups.										Income Tax.		
£	s.	d.		£	s.	d.				£	s.	d.
45	0	0	to	52	10	0	...	...	...	0	6	0
52	10	0	,,	60	0	0	...	...	...	0	9	0
60	0	0	,,	67	10	0	...	...	...	0	12	0
67	10	0	,,	75	0	0	...	...	...	0	16	0
75	0	0	,,	82	10	0	...	...	...	1	1	0
82	10	0	,,	90	0	0	..	...	...	1	6	0
90	0	0	,,	105	0	0	...	...	...	1	11	0
105	0	0	,,	120	0	0	...	...	...	1	16	0
120	0	0	,,	135	0	0	...	...	...	2	2	0
135	0	0	,,	150	0	0	...	...	...	2	12	0
150	0	0	,,	165	0	0	...	...	...	3	0	0
165	0	0	,,	180	0	0	...	...	...	3	10	0
180	0	0	,,	195	0	0	...	...	...	4	0	0
195	0	0	,,	210	0	0	...	...	...	4	12	0
210	0	0	,,	225	0	0	...	...	...	5	4	0
225	0	0	,,	250	0	0	...	...	...	5	18	0
250	0	0	,,	275	0	0	...	...	...	6	12	0
275	0	0	,,	300	0	0	...	...	...	7	6	0
300	0	0	,,	325	0	0	...	...	...	8	0	0
400	0	0	,,	425	0	0	...	...	...	11	12	0
475	0	0	,,	525	0	0	...	...	...	15	0	0
975	0	0	,,	1,025	0	0	...	...	...	30	0	0
1,475	0	0	,,	1,525	0	0	...	...	...	45	0	0

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Income Groups.									Income Tax.		
£	s.	d.		£	s.	d.			£	s.	d.
1,900	0	0	,,	2,000	0	0	...	...	64	0	0
2,400	0	0	,,	2,500	0	0	...	...	84	0	0
2,900	0	0	,,	3,000	0	0	...	...	104	0	0
3,400	0	0	,,	3,500	0	0	...	...	124	0	0
3,900	0	0	,,	4,000	0	0	...	...	145	0	0
4,400	0	0	,,	4,500	0	0	...	...	170	0	0
4,900	0	0	,,	5,000	0	0	...	...	195	0	0

It should be added, however, that, owing to the need of more revenue, the Prussian Minister of Finance has announced the immediate increase of the rates of taxation for incomes exceeding £500, with a view to raising two million pounds.

It is impossible to make any exact comparison of the incidence of the income-tax in the various German States owing to the fact that the exemption limit and the grouping of taxable incomes differ greatly. For example, while in Prussia incomes not exceeding £45 are not taxed, in Saxony the limit is only £25. If, however, incomes below £45 in Prussia, Baden, and Hesse, and below £47 10s. in Würtemberg are disregarded, an approximate comparison may be made. The following was the taxation per head of persons assessable to income-tax in 1905 or 1906 (as stated) in these States, subject to a certain modification in the cases of Baden and Hesse, since their returns include in addition to individual taxpayers corporate bodies (companies, &c.) :—

Prussia (1905).

Income Groups.	Tax per head.		
	£	s.	d.
£45 to £150	0	14	7
£150 to £300	4	10	4
£300 to £475	10	1	5
£475 to £1,525	23	3	8
£1,525 to £5,000	85	13	8
Over £5,000	468	8	11
Average	£2	2	10

Würtemberg (1905).

	£	s.	d.
£45 to £152 10s.	0	13	7
£152 10s. to £300	4	4	6
£300 to £500	11	1	5
£500 to £1,500	29	17	11
£1,500 to £5,000	103	7	11
£5,000 and over	510	17	11
Average	£2	6	1

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Baden (1906).

	£	s.	d.
£45 to £145	0	12	4
£150 to £295	3	13	4
£300 to £495	8	18	4
£500 to £1,450	22	4	5
£1,500 to £4,950	86	19	10
£5000 and over	504	13	2
Average	£1	14	4

Hesse (1905).

	£	s.	d.
£45 to £160	1	0	4
£160 to £300	4	11	10
£300 to £500	15	3	6
£500 to £1,500	25	0	0
£1,500 to £5,000	88	13	8
£5,000 and over	515	4	0
Average	£2	9	5

If, with a German statistician, we divide these incomes into six broad classes—(*a*) "small" incomes of £150 and under, (*b*) "moderate" incomes of from £150 to £300, (*c*) "medium" incomes of from £300 to £500, (*d*) "ample" incomes of from £500 to £1,500, (*e*) "large" incomes of from £1,500 to £5,000, and (*f*) "very large" incomes of £5,000 and over, the incidence of taxation falls as follows in the States named :—

Group.	Prussia.	Würtemberg.	Baden.	Hesse.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
(*a*)	0 14 7	0 13 7	0 12 4	1 0 4
(*b*)	4 10 4	4 4 6	3 13 4	4 11 10
(*c*)	10 1 5	11 1 5	8 18 4	15 3 6
(*d*)	23 3 8	29 17 11	22 4 5	25 0 0
(*e*)	85 13 8	103 7 11	86 19 10	88 13 8
(*f*)	468 8 11	510 17 11	504 13 2	515 4 0

The incomes in class (*a*) are, of course, entirely free from taxation in the United Kingdom, yet in Prussia they were in 1906 taxed to the extent of £3,000,000.

According to an estimate published by the German Imperial Statistical Office* the revenue raised in 1906 in direct and indirect taxation in Prussia, for national as distinguished from Imperial purposes, was £14,850,000; that raised in Bavaria

* "Statistisches Jahrbuch für das deutsche Reich."

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was £4,422,000; that raised in Saxony was £3,166,000; in Würtemberg £1,889,000, and in Baden £1,977,000. Costs of collection and administration are not included. The amount of taxation raised in the whole of the federal States for their own use is given at £33,158,000 (£24,258,000 in direct and £8,900,000 in indirect taxes), equal to 10s. 10d. per head of the population. The taxation per head in the principal States was as follows :—

	Direct Taxes.	Other Taxes.	Total.
	s. d.	s. d.	s. d.
Prussia	... 6 5	1 6	7 11
Bavaria	... 6 4	7 2	13 6
Saxony	... 11 11	2 5	14 4
Würtemberg... ...	... 10 0	6 5	16 5
Baden	... 11 0	8 8	19 8
Hesse	... 10 9	3 7	14 4
Mecklenburg-Schwerin	... 5 11	0 11	6 10
Oldenburg	... 9 1	1 2	10 3
Brunswick	... 9 1	0 11	10 0

The State taxation in most of the minor principalities only ranged from 5s. to 8s. per head of the population. That in the Free Cities of Hamburg, Bremen, and Lübeck was £2 18s., £2 18s. 5d., and £1 18s. 6d. respectively, owing to the fact that in these cities State and municipal expenditure is to a large extent inseparable.

The comparative lowness of this taxation cannot fail to strike English taxpayers. Next to more frugal budgets, the principal explanation is that most of the German States are to-day reaping substantial benefit from the policy of national enterprise which their Governments have immemorially adopted, particularly in regard to railways, domains, and forests. No less a net sum than fifty and a half million pounds was earned for the German nation in 1906 by the various commercial undertakings of the Empire and the States—thirty-four and three-quarter millions by the railways, and fifteen and three-quarter millions by other enterprises —which sum it would otherwise have been necessary to raise by taxation. Of Prussia's revenue for 1906 just over one-half was derived from fiscal enterprises, properties, and capital investments of various kinds. The fact is instructive as illustrating the wisdom of that policy of State enterprise which Frederick the Great first placed upon a systematic footing in Prussia, and which has since passed naturally into the entire theory and spirit of national government.

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CHAPTER XXI

CENTRIPETAL AND CENTRIFUGAL INFLUENCES

The stability of the Empire—Attitude towards the Empire of the Prussian landed party—Prince Bismarck on Prussian particularism—The enthusiasm for the Empire has abated since 1871—Monarchy has been strengthened in the interval—Goethe on the unity of Germany—The federal States in a stronger position than before the Empire was established—Reasons for the chastened mood of present-day Imperialism—The Reichstag has proved disappointing—German political parties and their fondness for criticism—The Imperial constitution a compromise between incompatible theories of government—The nation outside the government of the country—Competence of the Reichstag—The Government is not independent of parties but can only do its work by reliance on a party alliance—Effect upon public life of the impotence of parties—The present trend of constitutional controversy in Germany—The Prussian franchise question—The three-class system of election—The redistribution question in Prussia and the Empire—The argument against the numerical principle of representation stated—The theory of ministerial responsibility—German constitutional government favours the "personal *régime*."

ONE of the stock subjects of political discussion in Germany, and particularly in the North and the nervous metropolis, is the alleged instability of the Empire as founded thirty-seven years ago. When it is added that this time-honoured theme is generally resuscitated when unusual tension prevails between the Imperial Government and the opposition parties in the Reichstag, the value of the speculations which are indulged in on occasions of the kind will be fairly understood. No one in Germany seriously thinks that the Empire will, or can, ever be undone. It is probably true that thousands of Germans would be willing to go back to the *status quo ante* 1871 if that were possible, but their motives are seldom those which political sagacity would approve. One section of the nation in particular

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has never felt warmly towards the Empire. During the irresponsible agitations which in 1848 aimed at creating a united Germany out of due time the principal leaders of the counter-movement were found amongst the landed nobles of Prussia, whose hostility was expressed in a popular song of which one verse ran: "Prussians would we remain; the devil take the scheme that would make a Germany and ruin Prussia." The Conservative landowners of Prussia accepted the Empire when it had to be, but they never loved or greatly cared for it, and if it could be safely dissolved to-day a majority of them would probably be glad to give a helping hand. Even the Emperor William I. was to the last prouder and more at home as the head of the Hohenzollern monarchy than the head of an empire over which he exercised no territorial sway. Prince Bismarck writes in his "Recollections":—

"I have had, perhaps, harder struggles to fight against Prussian particularism than against the particularism of the other German States and dynasties, and my relation to the Emperor William I. as his born subject made these struggles all the harder for me. Yet in the end, despite the strongly dynastic policy of the Emperor, but, thanks to his national policy, which, dynastically justified, became even stronger in critical moments, I always succeeded in gaining his countenance for the German side of our development, and that, too, when a more dynastic and particularist policy prevailed on all other hands."

It is not, however, dynastic reasons alone which moderate the attachment of the East Elbe landed aristocracy to the Empire; the liberal spirit of the Imperial constitution is an even greater stumbling-block. Hence its openly avowed desire to see the Imperial franchise narrowed and the power of parties in the Reichstag further restricted, so as to do away with the effective check which a combination of groups can always impose upon the federal Government.

It would be a mistake to attach too great importance to the periodical fits of self-distrust and nervousness which come over the whole nation, irrespective of politics and parties. The Empire is established and secure; no harm can come to it from within; it is able to resist any conceivable hostility from without. Germany at heart knows this, but at times it forgets it, and as a consequence falls into moods of hypochrondria and panic which

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do not show the German national spirit and character at their best. If one may employ German terms, the nation's objective strength does not at such times find full subjective expression. Nevertheless, all the pessimistic controversies of the past few years have failed to bring to the front one single advocate of return to the political disunity which preceded the French war.

It is desirable to emphasise this fact of the Empire's absolute stability and solidarity in order to pave the way for an admission which might appear at first sight to be inconsistent with it. For although everybody in Germany is by conviction or policy an Imperialist, it is impossible to say that the enthusiasm with which the proclamation of the Empire at Versailles was greeted over a generation ago exists in the same measure to-day. As in everything else which he did, so in bringing to a head the Imperialistic movement Prince Bismarck chose the psychological moment, and that moment was the victorious close of a struggle in which all the German States had been engaged shoulder to shoulder. The creation of the new Empire was the political finish to a great military achievement. It enabled the victors to stand forward before the world as one in peace just as they had been one in war, and it incorporated the aspirations of the German race as they had never been incorporated before. The patriotic heats of those days have cooled in the interval. The "ideal" conception of the Empire has given place to a "real" conception; the Empire is regarded as no less necessary than before, but for practical reasons—for the collective assertion of Germanism in international affairs and for the security of the small federal States in their dealings with the larger.

The first of these motives both explains and justifies itself; the second will be hardly less obvious to those who remember the condition of Germany before its kingdoms and principalities were welded into an Empire by bonds of blood and iron. Much was undoubtedly taken from the States by the constitution under which the Empire and its legislative and executive organs were established, yet, paradoxical though it may seem, the States have become stronger for having abdicated no inconsiderable portion of their rights. And chiefly their independent existence has been permanently assured; their Sovereigns have been confirmed in their prerogatives; and many more or less oligarchic consti-

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tutions continue to-day which might have disappeared had these Sovereigns remained isolated and dependent on their individual strength. No one can doubt that monarchy—using the word in a broad sense as implying every system of hereditary personal government represented in the federation—is at least as strong to-day in Germany as ever in its history, in spite of the unwearied endeavours of the Social Democratic party to familiarise the masses of the people with the vocabulary of republicanism.

In his "Recollections" Prince Bismarck has cited a negative proof of this fact, the significance of which will be understood by every student of German politics. Speaking of the revolutionary movements of 1848, which in truth were more political than anti-dynastic, he says: "Belief in the power of the monarchy was, erroneously enough, for the most part slighter than belief in one's own importance; people dreaded nothing more than to be considered servile or 'ministerial.' Some strove according to their convictions to strengthen and support the monarchy. Others fancied that they would find their own and their country's welfare in contending with and weakening the King; and this is a proof that, if not the power, at least belief in the power, of the Prussian monarchy was weaker than it is now." That is a judgment as accurate as it is profound. If one would measure the loss of respect which monarchy suffered in those crooked days of Prussian and German history, when the Crown could hardly count on the aid of its "material forces packed into a limited space," to use Bismarck's grim synonym for the army, it is only necessary to recall the act of the inimitable Chief President of the province of Brandenburg, who in March, 1848, issued a proclamation stating: "A revolution has broken out in Berlin: I will take up a position above parties!" Whether it be true or not that there has of late years been a diminution of that "manly pride before kingly thrones" which Schiller applauded, there can be no doubt that not merely in Prussia but in the smaller kingdoms and principalities the intrinsic power of the Crown is greater than ever. In some States it has been strengthened by the popularity of the rulers, in others by well-considered concessions to progressive political ideas or by fear of the subversive tendencies apparent in modern society; in all the institution of monarchy has

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deepened its roots in the firm and generous soil of local patriotism.

"If any one thinks," wrote Goethe in 1828, "that the unity of Germany consists in the Empire having one single capital, he errs." If any one still held that view in 1871 he is able to reflect to-day that because of the Empire—and not in spite of it, as might be supposed—particularism is more vigorous than when by assenting to a union of States it feared that it was sealing its own doom. The very security of the Empire and the inevitable expansion of its functions have made the federal States more jealous of the independence that remains to them in internal matters and have strengthened the sentiment of patriotism and dynastic loyalty within the twenty-six "narrow fatherlands" which compose the federation.

It was Prince Bismarck's theory that German patriotism could not exist independently of dynastic attachments. "The German's love of the fatherland," he writes, "has need of a prince on whom it can concentrate its attachment. Suppose that all the German dynasties were suddenly deposed, there would then be no likelihood that German national sentiment would suffice to hold all Germans together from the point of view of international law amid the friction of European politics. The Germans would fall a prey to more closely welded nations if they once lost the tie which resides in the prince's sense of community of rank. History shows that in Germany the Prussian stock is that of which the individual character is most strongly stamped, yet no one could decisively answer the question whether, supposing the Hohenzollern dynasty and all its rightful successors to have passed away, the political cohesion of Prussia would survive. Is it quite certain that the eastern and the western divisions, that Pomeranians and Hanoverians, natives of Holstein and Silesia, of Aachen and Königsberg, would then continue as they are now, bound together in the indisruptible unity of the Prussian State? Or Bavaria—if the Wittelsbach dynasty were to vanish and leave not a trace behind, would Bavaria continue to hold together in isolated unity? . . . The preponderance of dynastic attachment and the use of a dynasty as the indispensable cement to hold together a definite portion of the nation calling itself by the name of the dynasty is a specific peculiarity of the German Empire."

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It is certain that to-day, no less than before the Empire was established, the strongest appeal to Germans is that which is addressed to them as Prussians, Saxons, Bavarians, Würtembergers, Badeners, or whatever their stock may be, and that real though their pride in the Empire is, and resolute though their determination to maintain it at all costs, the subjects of even the smallest units in the federation would calmly see the Empire pass away rather than sacrifice the independence of their own "narrow fatherland." Nothing so moves the spirit of particularism to its depths as any suggestion that the Empire should invade further the province of government reserved to the States. Whether we regard the opinion of the North or of the South, indeed, the conclusion is irresistible that the great task of Imperial statesmanship in the future will be to train Prussians, Bavarians, Saxons, Würtembergers into Germans, and to cause the Empire to take a place of greater confidence in the consciousness of the nation.

One of the strongest reasons for the more chastened mood of modern Imperialism is the prevailing disappointment with the political system which was created as a part of the machinery of Empire. The Reichstag dissatisfies all parties, and for this the parties themselves are commonly blamed. Many hard words have been written upon the tendency of German politicians to carry partisanship to extremes and to multiply organisations for no other obvious purpose than to give restless followers an opportunity of becoming leaders on a small scale, and especially upon their unlimited capacity for futile negative criticism. "The fondness for criticism and hypercriticism is stronger amongst us than is good for the normal welfare of the body politic," lamented a leading German newspaper recently. For this fault, at least, a certain justification may be pleaded. German parties criticise because they are able to do little else. By its constitution the Reichstag is an attempted compromise between incompatible theories of government—the active monarchical theory embodied in the constitutions of most of the States and the democratic theory embodied in the Western Parliamentary system. It is true that the Reichstag is elected by manhood suffrage, and that it is an equal factor with the Federal Council—or Council of the State Governments—in all legislation. Yet the Executive is entirely beyond its control; all Ministers are appointed and

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removed by the will of the Emperor, and no combination of parties is able to shake their position, either collectively or individually. The result is that although the nation is entirely responsible for the election of the legislative assembly it is still, to all intents and purposes, outside the government of the country; it discusses freely, criticises with remorseless exactitude, votes with perfect freedom, yet it always does these things with the feeling that it is an outsider.*

Even the legislative power is not in reality equally distributed. Nominally the Diet can initiate legislation, and either oppose or amend the Government's measures without limitation, just as the Government can initiate legislation and accept or reject all private Bills, but in practice this principle of co-equality works unevenly. It is far more difficult for a party or a private member to secure the passage of a Bill than for the Government to pilot its own measures through the House, so difficult, indeed, that the backers of private Bills prefer that their proposals should be accepted by a hypercritical Minister in a truncated form rather than carry on a struggle whose failure can be foreseen. As regards official measures, the Diet is theoretically quite as competent to block the legislative machinery, but whatever its attitude towards the Government may be it cannot stultify itself and bring discredit on parliamentary institutions by pursuing a merely obstructive policy; it wants legislation, and in default of the power to carry its own it accepts that of the Government and co-operates with greater or less ardour in passing many projects which do not embody its views rather than be guilty of inaction and sterility.

It is a common argument of German publicists of a certain school that the absence of party government enables the Executive to take a position outside fractions, and, because viewing society and its problems from the calm empyrean heights of mental detachment and impartiality, to legislate in a spirit free from prejudice and preconception. But reasoning of this kind is weakened by the fact that far from being

* How deeply ingrained in the Ministerial mind also is the idea that the Government and nation are distinct and independent may be judged from the following words spoken so lately as December 9, 1907, in the Reichstag by the Imperial Secretary of State for the Interior: "How can you expect complete, unreserved, and unlimited confidence from the Government and in the same breath say to it, 'We distrust you'? If we wish to come to a condition of real liberty we must show confidence one to the other."

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superior to parties the Government can only carry on business at all by concluding the closest possible alliance with some group or combination of groups which may seem to offer the best chances of assuring it a working majority. This is not merely the case in the Diets of the States; it is even more the case in the Diet of the Empire, where the popular principle of representation has been carried farthest. During the past thirty years, with one single brief interruption, the majority party in the Prussian Lower House has been the Conservative party, and for the purpose of securing its support the Government has had to follow a consistent plan of bargaining.

In the Imperial Diet during the same period three parties have been successively used by the Government for its purposes, and as a consequence the Government has itself been used by these same parties in turn—the National Liberals, the Conservatives, and, during the six years 1901 to 1906, the Centre. From the establishment of the Diet until 1874 Prince Bismarck governed solely by the aid of the National Liberals. By origin a Prussian party, which came into being in 1866 at the close of the "Conflict-time" as an offshoot of the Radical group, the National Liberal party facilitated Bismarck's return to constitutionalism after four years of government without budget had given to Prussia the victorious army of Sadowa. No party threw itself so enthusiastically into the cause of Imperial unity when the Constituent Diet of the North German Confederation was elected in 1867 or worked more loyally and patriotically in the Diet of 1871. Speaking of the National Liberal party at a later date, when the Government alliance was at an end, Prince Bismarck said, "The foundations of the Empire were prepared with its support and co-operation." In the first Reichstag the National Liberals were 116 in number, and out of the second elections in 1874 they emerged 155 strong, forming then nearly one-half of the whole assembly. During this period domestic legislation followed moderate lines, and it was well for the Empire that the Government had the support of a party which enabled it to avoid extremes. Yet pliable as the National Liberals were, and all the more so after the original founders were joined by many men who were not Liberals at all but were hangers-on attracted solely by the advantage of the Government association, Prince Bismarck was at heart too Conservative to be

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satisfied with an alliance which on most home questions brought him into antagonism with his natural associates. Besides, the National Liberals wanted a political *quid pro quo*—a share of the spoils of office. "They wished to eat out of the same dish," was Bismarck's way of putting it, "but we could not agree to that."

So the alliance with the National Liberals was abandoned, and the Conservatives having meantime become the strongest party in the Reichstag, their support was sought and readily obtained. The Conservative alliance lasted without break until 1890. It was a period fertile in social legislation on bureaucratic lines, alternating with repressive measures aimed at the Socialists and (in Prussia) the Poles. It was Bismarck's easiest period, for the Conservatives were pliable in his hand, and hereditary sympathies united the Chancellor and his allies on common ground; hence the compact lasted until Bismarck ceased to be Chancellor. More recently the Government has under three successive Chancellors relied on the Ultramontane party for the necessary majority, and the price that had to be paid was no less formally bargained than that demanded by the Conservatives while still in a position to turn the scale, though in the case of the Roman Catholics confessional rather than economic concessions were the currency.

The fact is that under a system of government that imposes upon political parties only a nominal responsibility, yet places the Executive at the mercy of whatever party or combination of parties may happen for the moment to hold the key of the situation, Ministerial alliances can never with certainty be concluded on a basis of public principle, and this is the less possible in Germany owing to the multiplicity of groups, the number of which even now, after many reformations and transformations, is no less than fifteen.

Speaking of this aspect of German parliamentary life, Prince Bismarck once said: "Constitutional government is impossible if the Government cannot rely upon one of the greater parties even in such exceptional matters as are not entirely to the taste of the party—if that party cannot balance its account in this way: 'We support the Government throughout: it is true we find that it commits a blunder now and then, but up to the present it has produced fewer blunders than acceptable measures;

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for that reason we must take the exceptional cases with the rest.' If a Government has not at least one party in the country which regards its views and leanings from such a standpoint, then it cannot possibly rule constitutionally, but is compelled to manœuvre and plot against the constitution; it must manage to get itself a majority artificially or to recruit a temporary one. It then degenerates into coalition Ministries, and its policy betrays fluctuations which have a very prejudicial effect upon the State itself, and more especially upon the Conservative principle." It is not surprising that Prince Bismarck should have come to the conclusion that the Conservatives were the only party suited to alliances of this kind.

It is difficult to exaggerate the injurious effect upon public spirit and political thought of the condition of impotence in which the nation is placed by constitutions which are neither absolutist nor democratic, which do, indeed, give to the representative assemblies a certain amount of legislative power, yet not sufficient to make parliamentary life serious and fruitful. The political groups know their helplessness, and being charged with no real responsibility, they dissipate their effort in useless discussions and disputations, most of which lack actuality. It is doubtful whether in any other progressive country in the world a legislative assembly can be found whose oratory is so ineffectual, so unreal, while so persistent and interminable, as is that of the German Reichstag, elected though this body is by manhood suffrage. Conscious that its only unrestricted power is the power of criticism, to criticism it devotes itself unwearyingly, and a year of its discussions literally covers the whole realm of human thought. But the system is no more beneficial for the Government or for legislation. Behind the former there is no helpful pressure of public opinion. Legislation may be more disinterested and more deliberate than when passed under the pressure of popular demand, yet, owing to its bureaucratic origin, it represents too often the limited views and outlook of a narrow class, a class entirely honest and faithful to duty, yet not in close touch with practical life and often unable to view from a broad social and generously human standpoint the questions with which it is called upon to deal. Worst of all, because the Ministries and not the Parliaments are responsible for the laws, the discontented and disaffected citizen lays his grievances at

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the door of these Ministries and the form of government which produces them. In England individuals and parties may be dissatisfied with political conditions, but they do not, as a rule, blame either parliamentary government or the monarchy, for they know that the remedy for their wrongs lies more or less in their own hands. In Germany the discontented citizen's grievance is against the system of government, because he is unable to help himself.

It may be useful to indicate briefly and objectively the trend of present constitutional controversy in Germany. Three main questions occupy the minds of constitutional reformers, viz., the franchise, redistribution of seats, and Ministerial responsibility. The first of these questions refers to the State Diets only—or such as have not yet been reformed—the others apply to the Imperial Diet as well.

The Prussian franchise question long ago became an Imperial question, in spite of the careful efforts which are made to prevent its discussion in the Reichstag. "Prussia," said the representative of the Radical party in the Prussian Lower House on January 14, 1908, "is the largest of the federal States, its influence is decisive for the entire Empire, and this influence is determined by the resolutions of the Federal Diet, which has to control the actions of Ministers; hence the Prussian electoral law is not merely a Prussian, it is a German question." The interest taken by the other States in the agitation for the modernising of Prussia's constitution has its origin in the natural and inevitable desire that Prussia should lead the Empire in political thought as it leads it in intellectual and economic movements. It is pointed out that the offices of Imperial Chancellor and Prussian Minister President were united in one person in order that the Empire and Prussia might cultivate uniformity of policy. Upon this subject there has arisen an antinomy which proves irksome on both sides. On the one hand the South German peoples feel that they are being kept back by Prussia's inertia, while on the other hand the more backward political parties of Prussia strongly resent the endeavour of these more liberal-minded communities to force the pace. The leading organ of the Prussian rural party, the Berlin *Cross Gazette*, wrote so late as July, 1907:—

"The contradictions which have always divided Prussia and the other German States have again in recent years become con-

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spicuous. The principal reasons are the transformation which the electoral laws of the Diets have undergone in some of these States and especially in South Germany, the wishes stimulated by these measures that similar changes may be introduced in Prussia, and the negative attitude taken up by the Prussian Government, in conjunction with the majority of the Diet, regarding these wishes. The South German States, owing to their electoral laws being modelled after the franchise of the Imperial Diet, act to some extent as champions of political progress, while Prussia, which holds fast to its three-class franchise, is represented as a stronghold of unenlightened reaction. Those circles, however, which identify themselves with this calumny will do well to remember that they threaten to deprive the Prussian aristocracy, which did its part in the sanguinary struggles by which the German Empire was re-established, of any satisfaction with its handiwork. In truth we belong to the good Prussians who nowadays often ask the question whether the re-establishment of the Empire has really been a blessing to us."

The advocates of a wider franchise contend that what is good for the Empire must be good for its component parts, and they point to the fact that the Prussian electoral system has been repudiated by all the other important States of the federation. This system is known as the three-class system, and it is combined with indirect election and open voting. The voting power of the primary electors is determined by the amount of taxes they pay. A roll of income-taxpayers is prepared and the aggregate sum of tax paid is divided into three; the taxpayers who form each of these three groups return separately a third of the secondary electors, by whom the deputies are chosen. Great disproportion of voting power and the under-representation of the great multitude of small taxpayers are unavoidable results of this system of election. As a rule the first class of primary voters only embraces 3 to 5 per cent. of the whole; the second class from 10 to 12 per cent., and the third class 85 per cent., although in the large towns the disparity is much more striking. The effect of this system is to give the well-to-do classes a representation altogether disproportionate to their number and to leave the working classes almost entirely unrepresented, insomuch that until 1908 the Social Democrats

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were unable to obtain admission into the Lower House of the Diet.*

This unequal representation of the nation is further accentuated by the fact that there has been no revision of electoral districts in Prussia for over forty years, although by a recent law ten additional seats have been created, making the total number now 443. Hence it comes about that in the province of East Prussia the ratio of inhabitants to each deputy is 63,000; in the city of Berlin it is 170,000. The ratio of representation laid down in 1860, based on the census of 1858, was one member to every 50,500 inhabitants. The present actual ratio is one to every 86,000 inhabitants. If it were applied to the 276 existing constituencies, 183 of them would be wholly or partially disfranchised, while the remaining 93 would receive larger representation. Under these circumstances the representation of parties is naturally very disproportionate. In 1903 the Conservatives polled 19·4 per cent. of the primary voters and won 32·3 per cent. of the seats; the National Liberals polled 15·3 per cent. of the voters and won 18·0 per cent. of the seats; the Radicals polled 5·4 per cent. of the voters and won 7·6 per cent. of the seats; the Centre polled 15·0 per cent. of the voters and won 22·4 per cent. of the seats; but the Socialists, while polling 18·8 per cent. of the voters, failed to win a single seat, though, with direct election, they would have been entitled to 81 mandates. The existing apportionment of seats makes it impossible that the Lower House of the Diet should be other than a rural and agrarian assembly, though the economic character of the population of the monarchy has during the past half-century undergone a complete change. In 1849 the rural population formed 71·9 per cent. of the whole, the urban population 28·1 per cent.; in 1905 the ratios had become 54·8 and 45·2 per cent. respectively; yet the representation of town and country continues as before. Hence it arises that 161 members of the Lower House were, in 1903, landowners or farmers, while only 17 directly represented trade and industry.

The forces which are arrayed against any radical reform of the Prussian constitution are very strong, and the irreconcilable policy and the tactics pursued by the Social Democratic group

* In the elections of June, 1908, the Socialists won seven seats. They had for many years been represented in most of the other State Diets.

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in the Imperial Diet have largely helped to create the *non volumus* attitude of the dominant parties. Their contention is that the creation of a democratic franchise would be inequitable as well as impolitic. Even allowing manhood suffrage to be justifiable for the Empire, where it is complementary to universal obligations—on the one hand military service, on the other indirect taxation, which falls on every inhabitant—and where it is essential to have a common meeting-ground on which the peoples of all the States may meet on equal terms, the case is different in Prussia. There taxation falls unequally, the working classes being largely exempted or relieved, while the tasks which have to be discharged by the Diet are of a peculiarly responsible character. Many politicians who argue thus are not hostile to any reform whatsoever; they would even be prepared to give every adult male citizen a vote, provided the better educated and propertied classes had a plural franchise, and provided representation were distributed in such a way that the agricultural industry would be secured a fair share of power, on the principle that a State consists of two primary elements—the land and the people.

The Empire has its own redistribution question, and it is no less urgent than that of Prussia, yet beset by the same difficulties. The present distribution of seats in the Imperial Diet is regulated by a law of May 31, 1869, which fixed the unit of representation at one member per 100,000 inhabitants (all towns and districts with over 50,000 inhabitants ranking as electoral areas), and stipulated that "any increase of the number of deputies in consequence of growing population shall be determined by law." Nearly forty years have passed since the first formation of electoral districts, yet no change has taken place in the geographical allotment of seats. Population has enormously increased (the forty millions of 1869 having become sixty millions in 1905); there has been a great redistribution of this population as between East and West and between town and country; huge cities have grown out of mere villages; an economic revolution of unparalleled extent has taken place; industry has dethroned agriculture as the first source of occupation and wealth; yet the 397 constituencies created in 1871 continue to-day, and not one electoral district has a greater or a less representation in the Diet than before.

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Thus Greater Berlin, with 851,000 qualified electors, returns eight deputies, yet this same number of electors, spread over fifty of the smaller constituencies, returns six times eight. In the little State of Schaumburg-Lippe 9,500 electors are sufficient to return a deputy, yet in the constituency of Teltow-Beeskow, near Berlin, 247,500 electors, or twenty-six times as many, have but one representative. Waldeck, with 59,000 inhabitants, elects one deputy; the Bochum district, with 367,000 inhabitants, and one of the divisions of Berlin, with 697,000 inhabitants, have the same representation. As in the case of Prussia, another result is the very unequal representation of parties. In 1907 twenty Conservative seats were won with 210,000 votes, an average of 10,500, and six Social Democratic seats with 465,000 votes, an average of 77,500. On the whole the Socialists polled more voters per seat than any other party, viz., 69,020; the Radical People's Party followed with 35,680 voters per seat; then came the German People's Party with 35,230, the National Liberals with 30,600, the Centre with 29,600, the Imperialists with 27,060, and the Conservatives with 25,680. Yet with 22·1 per cent. of the voters the Socialists won only 11·0 per cent. of the seats; while with 12·2 per cent. of the voters the Conservatives won 16·1 per cent. of the seats; and with 23·5 per cent. of the voters the Centre won 26·9 per cent. of the seats. If the basis of representation laid down forty years ago were adjusted to modern conditions the number of deputies would be increased to over 600, and the increase would almost exclusively go to the large towns; if, on the other hand, the present number of seats were retained and their incidence determined by rule of population as in 1869, there would be a large transference of political power from the agricultural to the industrial districts. On the whole Prussia would only gain five more seats (241 instead of 236) at the expense of the more stationary South German States, but the provinces of which Prussia is composed would be very differently represented, for four agricultural provinces of the East would lose 14 seats, while three industrial provinces of the West and Centre would gain 19 seats. The Kingdom of Saxony would gain six seats, Hamburg would gain three, and Bremen one, while Bavaria would lose six, Alsace-Lorraine three, Würtemberg and Mecklenburg-Schwerin two each, and Baden and Hesse one each.

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Merely to state the far-going changes which would be brought about by redistribution on numerical lines is to say that the adoption of any such mechanical method of representation is impossible in Germany. Here, again, moderate men contend that population alone is no rational standard of representation, and least of all in a federal assembly in which States so diverse in character as, for example, industrial Saxony and agricultural Bavaria, have equal lot. The democratic theorists contend that "The existing Reichstag should represent existing Germany," and from that proposition they draw the conclusion that numbers should be the only measure of voting power. The Conservative answer to this argument is that "existing Germany" implies the utmost variety of economic interests—commerce, industry, labour, on the one hand, but agriculture in a score of forms on the other, and that no plan of redistribution can be tolerated which would give to the towns, with their restless and unstable elements, overwhelming representation at the cost of the slow-moving yet steady populations of the rural districts. There can be no doubt that when the question is taken in hand allowance will be made for the special economic characteristics of all the States, and a solution of the difficulty will be sought by readjusting the worse inequalities suffered by the large towns, rather than by reducing the existing representation of stationary or retrogressive populations.

The question of Ministerial responsibility is a more delicate one, and the acceptance of the democratic contentions on this head would be tantamount to casting the constitutions of the Empire and Prussia into the crucible. Both these documents speak of Ministerial responsibility, yet neither in the Empire nor in Prussia has this responsibility been placed on a formal basis; it exists as a principle, but the principle possesses absolutely no practical significance. Article 61 of the Prussian constitution even goes so far as to decree that Ministers may by resolution of either of the two Chambers of the Diet be indicted before the Supreme Court of the monarchy on account of breach of the constitution, corruption, and treason, but the determination of all details, the form of legal proceedings, and the penalties is left to special laws. These laws have never been passed or produced. The opinions held regarding the doctrine of Ministerial responsibility by the Emperor-King William I. were

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published in a decree of January 4, 1882, in which that monarch formally refused to consent to any further restriction of the rights of the Crown. "The monarchy in Prussia," he wrote, "is after the constitution what it was before the constitution—a monarchy of deed. . . . The right of the King to conduct the government and the policy of Prussia according to his judgment is restricted yet not abolished by the constitution. The 'Government documents of the King' require the countersignature of a Minister, and must be—as was the case before the constitution was issued—represented by the King's Ministers, but they remain 'Government documents of the King,' from whose decision they proceed and who constitutionally expresses his will through them. It is therefore not admissible, and tends to obscure the constitutional rights of the King, when the exercise of these rights is represented as though it proceeded from the Ministers for the time being responsible and not from the King himself. The constitution of Prussia is the expression of the monarchical tradition of this country, whose development is based on the living relationships of its Kings to the people. These relationships cannot be transferred from the King to an appointed Minister, since they attach to the person of the King. It is, therefore, my will that both in Prussia and in the legislative bodies of the Empire no doubt shall be allowed to exist as to the constitutional right of myself and my successors to conduct the policy of my Government personally, and that the idea shall always be contradicted that the inviolability of the person of the King, which has existed in Prussia at all times, and is expressed in article 43 of the constitution, or the necessity of responsible counter-signature has taken away the character of my Government documents as independent royal decisions." This declaration states the attitude of the Crown and of its Ministers at the present day.

It is significant that in issuing this corrective to what he regarded as insidious political heresies King William I. of Prussia claimed to speak as German Emperor. Certainly the Imperial Diet has failed so far to create any precedent which could give reality to the constitutional theory of Ministerial responsibility. All decrees and ordinances, except those of a military character, issued by the Emperor in the name of the Empire must be counter-signed by the Imperial Chancellor,

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disputes. The federal Governments desire neither an absolutistic nor a party *régime;* they simply defend the existing constitutional State and law. Then it is said that the 'personal *régime*' must be combated and the danger of absolutism be averted. But such a danger does not exist and cannot exist under the federal constitution of the Empire. The Emperor never thinks of claiming rights which are not secured to him by the constitution, and in the dissolution of the Reichstag he has simply followed the advice of the Chancellor and the proposal of the federal Governments that he should make use of his constitutional right. We live no longer in the time of the Great Elector and Frederick the Great, who ruled the monarchy from their Cabinet."

In a country of Germany's political traditions progress in the assimilation of Western theories of government is necessarily slow. "And still it moves." A wave—it might be more correct to say a breath—of liberal sentiment is passing over the land, and although Prussia may be the last State to feel the stirring, since the movement is from South to North—it, too, will discern and respond. In Bavaria, Würtemberg,* and Baden constitutional changes of a far-reaching character have already been introduced, bringing the Diets and the mode of their election more into line with modern ideas; Saxony in the Centre is moving in the same direction; even Mecklenburg, the classic home of oligarchy, is at work on a new constitution. Prussia, in turn, will before long accept the inevitable, and by doing so will strengthen its position as the head of the federation.

* In the recent revision of the constitution of Würtemberg the Second Chamber was reconstructed on the basis of a universal and equal franchise with proportional representation.

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CHAPTER XXII

THE OUTLOOK OF SOCIALISM

The reverse of Social Democracy at the last elections, its extent and causes—Attitude of the small farmers and artisans—The rising of the middle classes—Prince Bismarck on the apathy of the contented citizen—Social Democracy and the middle classes—The Erfurt programme—Socialism and the property-instinct in human nature—A propagandism of poverty and discontent—Attitude of Socialism towards thrift—Socialist house-owners—The barrenness of the Socialist parliamentary party—Evidence of party journals on the subject—The negative policy of Socialism—Calwer, Bernstein, and Parvus quoted—The new spirit of accommodation—Opinions of Herr von Vollmar—Possibility and conditions of an alliance with the Radicals—Socialism due to the apathy of the burgher parties towards social evils—Socialism and monarchy—Difference between the Socialism of the North and South.

TO the student of social and economic movements in Germany the position of Social Democracy opens out interesting channels of speculation, and that the more since for the moment Socialism would seem to be under a cloud. There was a disposition on all hands to view the Socialist defeat at the Imperial elections of January, 1907, in a wrong perspective. Germany had become so accustomed to the triumph of Socialism at the polls that because of a casual loss of seats it jumped to the conclusion that the party of subversion had suffered a signal and lasting reverse. And yet the only fair conclusion which could be drawn from the elections was that the Socialist rate of growth had declined. Both absolutely and relatively to the increase of population there was progress, though not on the scale experienced in 1903. The aggregate number of votes polled by the Socialist candidates in 1907 was 3,258,000, comparing with 3,010,770 polled in 1903. The increase was equal to 8·2 per cent., against an increase in 1903 of 43 per cent. The Socialist vote in 1903 was 31·7 per cent. of the whole; in

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1907 it was only 29·0 per cent. Apart from a slight decline in five of the minor States, amounting to two thousand votes altogether, the only notable falling off was in Saxony, where 23,200 votes were lost, and in Mecklenburg-Schwerin, where 5,500 were lost. For the rest, there was a gain in every State, including one of 166,900 votes in Prussia, 25,500 in Bavaria, 20,100 in Baden, 16,000 in Würtemberg, 15,500 in the Hanse Cities, and 13,300 in Alsace-Lorraine.

In the main the industrial districts showed no sign of defection or slackness. In the seven Rhenish-Westphalian constituencies of Duisburg, Essen, Bochum, Dortmund, Hagen, Hamm, and Iserlohn, the Socialist vote increased from 73,000 in 1898 and 148,300 in 1903 to 175,600 in 1907. In Essen the Socialist vote increased between 1898 and 1907 from 4,400 to 28,300, in Duisburg from 7,800 to 28,200, and in Bochum and Dortmund it nearly doubled. The entire Socialist vote in Rhineland-Westphalia in 1907 was 15·8 per cent. larger than in 1903. In the eight electoral districts of Berlin 330,400 Socialist votes were in 1903 polled in the first ballots, a number equal to 46·3 per cent. of the whole; and in 1907 413,100 Socialist votes, or 48·5 per cent. of the whole, were polled; of the new electors who had qualified in the interval 60 per cent. voted Socialist. On the other hand, seats were lost by the party in Leipzig, Breslau, Magdeburg, Halle, and Königsberg. Moreover, they lost votes heavily in some of the agricultural constituencies of Prussia—*e.g.*, in the province of East Prussia 10,600 votes, and in the province of Silesia 9,800 votes.

The Socialists were 79 strong at the dissolution, and, in spite of a larger vote than ever, they returned a decimated band of 43. Here the uncertainty of the ballot showed itself. The aggregate votes polled by all parties at the first ballots averaged about 30,000 per member elected, but the Socialists polled 75,700 votes per man returned, and with proportional representation they would have had 110 seats; four of their seats were won with 350,000 votes. On the other hand, the Conservatives secured an increase of eleven seats (from 52 to 62) with but a slight increase of votes, their average poll per man being under 17,000, or little more than half the average for the Empire, and nearly all the other parties were over-represented to a greater or less extent.

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When allowance has been made for the accidents of fortune, however, the fact remains that the last elections showed Social Democracy at the dead points. Owing to the growth of the electorate since the previous elections, it should have gained over half a million votes in 1907, yet the increase that fell to it was only half that number. Herr Bebel had, indeed, confidently predicted that the three million votes polled in 1903 would become four millions and the seventy-nine seats a hundred, and wise London journalists agreed that it was "a not unjustifiable expectation." Certainly Herr Bebel's party did not allow itself to be deceived by these exaggerated hopes of success, for the election was fought with all the old zeal and earnestness. There was, it is true, nothing new in the party's programme, which simply advanced the well-known demands of Socialism in the well-known phrases—the nationalisation of property and the material instruments of production, democratic government, the progressive taxation of all incomes well above the working-class limit, the establishment of a citizen army, and improved industrial legislation, with a vigorous protest against colonial policy as pursued by the Government—yet upon the same programme great victories had been won before. This time, however, the old shibboleths failed, and the main reasons must be sought in two directions—in the greater unity which prevailed amongst the opponents of Socialism and in the less unity found amongst the Socialists themselves.

There were other contributory causes, but they were of minor importance. For example, it is clear that the Socialists counted as in their favour certain factors which were actually working against them. Thus it was expected that many peasant farmers and small holders would again, as in 1903, vote against the Government by way of showing their dissatisfaction with the new customs tariff, which had increased the price not only of bread corn, but of barley and other feeding-stuffs. It was overlooked that beef, pork, butter, and milk had also advanced in price, so that they gave a better return than for many years. The small farmer had, therefore, no reason for discontent at the end of the year 1906, and his vote went according to tradition to one of the Ministerial parties. On the other hand, the workers' higher wages had hit hard a multitude of small

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Almost without exception the literary spokesmen of Social Democracy agree that the last elections have entirely shattered the entire system of Socialist dogma so far as the middle classes are concerned. It had been assumed that society more and more tended to a twofold division—on the one hand, a small privileged class, characterised by increasing opulence and luxury; on the other hand, the great mass of the people, whose destiny was increasing penury. The steady growth of a middle and lower middle class, recruited from the very ranks of labour, had been entirely overlooked, and the discovery was all the more unwelcome since the elections showed that this class really holds in its hand the balance of political power.

The promptness with which many of the best-known Socialist leaders and writers admitted and renounced the illusion which they had hitherto cherished was altogether creditable. "The disappointment at the result of the late elections," wrote Herr Edmund Fischer in the *Sozialistische Monatshefte*, just after the contest, "is nothing else than disappointment that the view hitherto dominant in Socialist circles as to the evolution of the proletariate and the middle class was a fallacious one. The theory of social impoverishment and economic catastrophes has had to be abandoned. Its more tenacious defenders have even to-day not admitted it, but they conceal their retreat behind all sorts of phrases. The fact is, nevertheless, incontrovertible that this view has gone the way of all outlived theories and has no longer an open representative in our party. We have, however, hitherto feared to draw the logical consequences from the altered situation. The attempt is still made to build up our movement on the proved fallacy that an ever-increasing part of the population is cast into the proletariate, to become wage-earners; that

Lassalle, by Bebel and Liebknecht, is not to be thought of. Even did the Socialists attain, not only in the Imperial Diet, but in every State Legislature, a representation fully equal to their electoral strength, they would always be at the mercy of a combination of the other parties, every one of them bound, in spite of the widest differences in political theories, to the maintenance of the present social order. For it is not true that the possibilities of the growth of Socialism in Germany are indefinite. In general its converts will in the future, as in the past, be restricted to the labouring classes. And even from these two great deductions must be made. In the first place, the Roman Catholics, who form a third of the population of the country, may safely be left out of account; and in the second place, the rural labourers will never be wholly won over to Socialism, however great the conquests possible in that as yet almost unexplored ground. Thus in the Legislatures the Social Democrats can never become a majority party."

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the sum total of misery increases, at least relatively; that the middle-class is gradually disappearing; and that before long there will be on one side a handful of large owners of the means of production and on the other an enormous proletariate, so that we only need to win this proletariate in order to triumph. Yet all the time we see a new and numerous middle class—largely drawn from the proletariate itself—growing up and interposing itself between the proletariate and capital."

"The highest interest of this middle class, common to all its members," Herr Fischer continued, "is undoubtedly the right to exist, yet this right Social Democracy has denied it. We have tried to win the small peasant by showing him that under the pressure of the large estates he will be crushed. And yet he is *not* pressed by the large estates, and instead of being ruined the small farmers have greatly increased and economically have strengthened their position. The small peasant is better off to-day than ten or fifteen years ago."

Herr Fischer estimates this new middle or lower middle class at five and a half millions, counting to it all the peasants, tradesmen, artisans, foremen, the minor civil and municipal servants, teachers, and other professional men who have during the past two decades emerged from the wage-earning class by an evolution which is still in full operation to-day. It is not too much to say that hitherto this large class has, wilfully or not, been absolutely ignored by Social Democracy, and it is only its emphatic assertion of self-consciousness that has compelled the Socialists to face and acknowledge the fact that they have all along been working on wrong lines. The whole argument and appeal of Socialism involves the assumption that the triumph of its ideas can only be achieved by the destruction of the small middle class. When challenged either to admit or disprove this criticism the Socialist has evaded the issue by asserting that this class is being destroyed by capitalism; he has pointed to the dominant position occupied by large undertakings in industry and by large estates in agriculture, in each case at the expense of the "small people," and has referred his critic to the Erfurt party programme of 1891, with its attack upon "*Gross betrieb*" in every form, taking care not to lay stress upon the fact that this programme proposes the entire suppression of all individual property, so that in the "future State" there will be neither large owners nor small.

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"The economic development of burgher society," runs one of the paragraphs of this programme, "leads with necessity to the decay of small undertakings, the basis of which is the workman's possession of his means of production. It divorces the workman from the means of production, transforming him into a non-possessing proletaire, and the means of production become the monopoly of a relatively small number of capitalists and large landed proprietors. Hand in hand with this process of monopolisation goes the crushing down of the disintegrated small undertakings by colossal undertakings on a large scale. For the proletariate and the working middle classes—the small burghers and peasants—this transformation implies a growing uncertainty of existence and increasing misery, need, sub-ordination, degradation, and exploitation.

"Private property in the means of production, which formerly was a means of securing to the producer the possession of his product, has to-day become the means of dispropriating the peasants, artisans, and small traders, and of placing the non-workers—capitalists and large landowners—in the possession of the workers' products. Only the conversion of capitalist private property in the means of production—land, mines, raw materials, tools, machines, means of communication—into social property, and the conversion of the production of commodities into Socialistic production carried on by society on our behalf, can cause the system of large undertakings and the continually increasing productivity of social labour to become for the hitherto exploited classes a source of the highest welfare and universally harmonious perfection, instead of, as now, a source of misery and oppression."

In this programme there is obviously no place or lot for a German middle class, whether of industry, trade, or agriculture. It assumes the reduction of society to a dead level of uniformity, with no variety of economic condition and circumstance and no play for individual enterprise. Above all—for this is the weakest part of the Socialist appeal to men as they are—it fails to reckon with one of the elementary instincts in human nature, the instinct of possession, which is as strong in the smallest peasant as in the largest manorial proprietor, as strong in the simple handicraftsman who works with his own tools as in the manufacturer who owns great factories, as strong in the manual

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workman who puts his weekly savings into the municipal bank as in the financier who lends to Sovereigns and Governments.

To know how profoundly rooted is the proprietary instinct in the old German peasantry, particularly in the slow-moving agricultural districts of the South, is to understand why the Socialist ideals of nationalisation have made no headway whatever amongst the farmers, and have as little attraction in that quarter to-day as thirty years ago. In industrial Prussia there were in 1907 50 Socialist votes per 1,000 of the population; in still more industrial Saxony there were 92 such votes; in agricultural Bavaria there were only 36.

Even the working classes are beginning to reject the fundamental Marxian dogmas, for their own experience has proved them to be false. One of the most widely read of Socialist trade unionist journals wrote recently: "It is a notorious fact that our party finds itself in an unpleasant situation, which threatens to become worse in the immediate future. Its most important theoretical maxims have proved either untenable or disputable. The impoverishment theory must be abandoned, the theory of an economic collapse cannot be maintained, the crisis theory has become very questionable, and the same holds good of the theory of chronic over-production and other doctrines. Amongst the masses of the workers there still survives a comparatively strong belief in these doctrines, but it is not found amongst the leaders of the party, and still less in the labour Press. The consequence is that the party finds itself in the position of a shaky ship, and everybody is getting nervous." *

Now, as ever, the leaders of the Socialist movement rely for propagandist success upon two main factors—poverty and discontent. It is impossible, however, to ignore, much less to stem, the influences which are slowly but surely diminishing the sum and degree of poverty, and this hope of Socialism is tacitly regarded as lost, though the Marxian fiction of the accumulating penury of the masses is still used for controversial purposes. But the more the appeal to the poverty of the many lacks weight and point, the more is stress laid upon the inordinate wealth and luxury of the few; the contrasts which are thus caused are represented in the most lurid light; and the "proletariate" is deliberately incited to discontent and social

* *Der Zimmerer*, July, 1906.

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system (of government) according to our ideas and carry on a foreign policy whose aim it would be to create everywhere the belief that we not only wished for peace but that we regarded it as our highest duty to emulate other nations in the furtherance of culture." An admirable sentiment, truly, yet one which throws no light whatever upon the practical difficulties of economic Socialism. "It is not the duty of Social Democracy," writes another of its champions, "to prescribe the course of its own development. It has only to remove the obstacles to that development. It has to pave the way for the evolution of Socialistic society; it has not to construct that form of society by artificial means." In other words, society is asked to accept a social system which is not, and cannot be, defined; to commit itself to a voyage on an unknown sea without rudder or compass; to set out, like the patriarch of old, for a promised land, not knowing whither it goes. Under the circumstances, it is comforting to know that, even on their own argument, there is no certainty whatever that the economic evolution which Socialists are supposed to be facilitating will be Socialistic at all. "The contention," writes the Socialist Herr Kolb, in the *Neue Gesellschaft*, "that the collapse of the capitalist social order lies in the nature of capitalist development, and is a necessity which cannot be averted, is only a contention, a hypothesis, which cannot be proved by Marxism or anything else, or be scientifically established at all."

If a reason be sought for this barrenness, which is obvious to every outside observer, and is admitted by many Socialists of authority, the petrified dogmas and programmes which lie so heavily upon the party will once more furnish all the explanation that is needful. "In the divorce from actuality," wrote recently Herr R. Calwer in the *Sozialistische Monatshefte*, "in the retention of outlived views, which no longer apply to the present time, and in purely negative criticism, and thus in the lack of practical and positive work, I see the principal causes of the defeat of Social Democracy. In spite of all our organisation and agitation we shall ossify if we—the strongest party in Germany—do not cease to pretend to be able to cure the world with ready-made prescriptions." To quote another authority of equal weight, Dr. E. Bernstein: "The epoch-making theoretical works of Marx date almost exclusively from the 'fifties and

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'sixties of last century, when the labour movement, even in England, still suffered continual defeats and was struggling for recognition. Since then the most momentous transformations have taken place in this as in other spheres of economic life; there has been a great change in the balance of power, and with this change new questions have entered the foreground. Yet instead of grappling with these questions and objectively investigating their socio-political significance—of course, from the standpoint of the working class—the uncompromising Marxists have only heeded them in so far as they appeared to confirm inherited doctrines, and for the rest they have either ignored them or attempted to argue them away." * The attitude of the intelligent working classes is well reflected by the Socialist trade unionist journal which spoke of "the political impotence of the party, which can neither go forward nor backward, because it is bound hand and foot by a programme which is out of touch with the times, and by the perverse policy which has followed from it." †

Only in the little circle which dictates the policy of the party, the "old gang" which thinks, speaks, and acts to-day just as forty years ago, does the belief still prevail that all is well with the cause, and that nothing in its programme can be altered for the better. How entirely out of touch with the actual thought of the day is the spirit which prevails in that quarter is well illustrated by a remark recently made by the party's official organ, the *Vorwärts*.‡ "A professor," it gravely said, "who would venture to lecture on Marxian political economy is impossible in a German university." One might safely add, just as impossible as one who would lecture on astrology or Empedoclean cosmogony.

One of the best-known writers of the Socialist party, Herr Parvus, said a short time ago, "Our party forms a rich assortment of the most various opinions which are in contradiction to our programme." The words exactly describe the present position. The one and indivisible Socialist party is made up of a mass of "schools" and "directions," for the most part incoherent and incompatible, and to some extent mutually destructive, and they are only kept together by a common

* *Sozialistische Monatshefte*, 1907.
† *Buchdrucker-Korrespondent.*
‡ June, 1907.

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antagonism to individualistic capitalism. Officially and before the world the party still rests on the theories of Marx and the programmes which have been drawn up in accordance with them, yet opposed to this superstitious reverence for hoary dogma is an energetic body of young revisionists and outspoken rebels, who have only refrained from pushing their influence to extremes from a well-justified fear lest the new wine of their doctrine should rend the old bottles of tradition, to the temporary discomfiture of the entire Socialist cause. Thus while the party is on the whole a Free Trade party with heart and soul, it has able writers, like Herr Max Schippel, who are openly Protectionist. Again, it is strongly anti-agrarian, yet a Richard Calwer warns his colleagues that they can no more hope to repeal the agrarian legislation than to reverse the tides, and that as between an industrial and an agricultural Germany he greatly prefers the latter, and is prepared to vote all the special protective laws which the interests of the land may render necessary. The party is officially anti-colonial in sentiment, yet its congresses cannot or dare not unite on a plain resolution opposing the colonial movement. It is officially anti-military, yet it fears to appear openly hostile to the army, for the masses of the workers would not follow it. Even on so fundamental a doctrine as the nationalisation of property dangerous reservations are held. A short time after the death of Herr Ignaz Auer in 1907 a friend of that able and devoted leader of the Socialist party told the story of how Auer had endeavoured on one occasion to win him over to the cause. Answering that the Marxian doctrine of the centralised regulation of production and consumption was enough to prevent him from becoming a Socialist, Auer at once rejoined, "Centralised regulation of fiddlesticks! What sensible man wants such a thing?"

A party so divided can never be a serious danger to any State or order of society; and so long as the German nature continues as critical as in all ages it has been, so long will the antidote to Socialism be provided by itself. In its essence German Socialism is destructive, and, happily for the society which it seeks to subvert, it is for the present busy destroying, or at least transforming, itself. A party of one mind, resolutely bent on prosecuting a single aim, might conceivably have achieved substantial results, even under the unfavourable

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conditions created by German political life. But Social Democracy has from the first divided its forces. It takes not merely the working classes but the whole world into its purview. It seeks not only to reform the economic basis of society, but it dogmatises with equal courage and confidence on science, art, philosophy, and religion, and in thus aiming at doing everything it in fact does nothing. Of all futile spectacles offered by German political life none is so strange or so tragic as that of a huge party, numbering now three and a quarter million adults, engaged year after year, and decade after decade, in the vain task of beating the air.

It is not likely that the uncompromising attitude which has doomed the party to barrenness and failure in the past will long be allowed to continue, yet the concessions which sooner or later will have to be made to the new and more accommodating spirit that is asserting itself are concessions which will weaken some of the characteristics of Socialism which are most pernicious in the eyes of the burgher parties. Herr Bebel can still say: "It is not a question of whether we achieve this or that; for us the principal thing is that we put forward certain claims which no other party can put forward;" but Herr Bebel here speaks for a moribund wing of the party, and growing numbers, both of the leaders and the followers of Socialism, are disposed to work for immediate practical results, instead of staking their energies and hopes upon remote possibilities. There is, of course, a radical school which is still as restless and unreasoning as ever, regarding all attempts to improve the present position of the working classes, by methods which the law approves and in which other parties can co-operate, as treachery to the sacred cause, and insisting that Socialists shall accept nothing short of the whole loaf of Marxian economics, however long they may have to wait for it; but these counsels of despair no longer hold the field, for a judicious opportunism is nowadays popular.

"We should keep the future before us," says Herr von Vollmar, the Bavarian leader of the party, "but not forget the near and immediate duty of the moment. Just as natural operations are not wrought by sudden and unconnected upheavals, so social systems cannot be dissolved by any arbitrary methods. An artificial creation is as little possible as a sudden subversion and recommencement; rather, the old grows gradually—far too

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gradually for the idealist—but surely into the new. The necessary thing is that we should follow a practical everyday policy. A policy that says, 'If I cannot have my way I won't play with you any more,' is not the policy of serious men but of children. Serious men set themselves ideals, but they realise how long is the way to their attainment and how many are the obstacles which have to be overcome." Answering the contention of the extremists that under the present social order nothing real, helpful, and effective can be done for the people, Herr von Vollmar says: "In my opinion it can, though only, it is true, in small measure in comparison with our ideal for the future. The history of all modern countries, and especially the history of labour legislation, shows this conspicuously. Or must we say that all the painfully achieved stages of development, from the beginning of the English factory legislation to the present time, all the progressive restrictions of the employer's formerly unlimited right of exploitation, are of no value to the workers? The contention is advanced that all laws for the protection of labour are absolutely worthless, are of no advantage to the workers, nay, are only injurious and obstructive to the movement for the emancipation of the people, that the man who troubles about small monetary improvements is useless for the revolution, and that we should only see the hopelessness of the present and for the rest turn our eyes to the longed-for future. But such a view implies at bottom nothing but a policy of sterility and despair. Its principle may be expressed in the anarchist maxim, 'The worse off people are the better!'" *

Nor is Herr von Vollmar alone in advocating the adoption of a policy for the present that shall pave the way for a larger programme for the future. Sentiments of the same kind are to-day a commonplace of Socialist literature. Many of the modern Socialists—the word modern is used advisedly, for the leaders for the most part belong to a period which can only be called palæontological—recognise that the future of their cause is conditioned by the necessity of finding some tolerable *modus vivendi* with the progressive burgher parties. "What can be done," asks one of these, "so that those sections of the *bourgeoisie* whose political course runs a long way parallel with our own may at least march so long with us as their own interest may require?

* "Uber die Aufgaben der deutschen Sozialdemokratie."

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Let it not be said that it is no business of Social Democrats to puzzle their heads about the Liberals. It is a question here of what we can do to help German Liberalism to have clear ideas about itself, for this is the problem of our time: to create for Social Democracy middle-class parties capable and worthy of being allied with it. Let that be done and we shall have taken a great step forward; if we fail we must accustom ourselves to the thought that Social Democracy will have to rely entirely upon itself. Then we shall be three million electors against eight millions. That need not, indeed, discourage us, yet it would be pleasanter, and the German working classes would have better promise of success, if, in addition to the three millions whom we number, three millions more in the *bourgeois* camp might be counted ready to ally themselves with labour in a work of resolute political and social reform." To quote only one further spokesman of the party, Herr Hue, a member of the Reichstag: "The cause of the friends of the people will progress in the degree that we endeavour to co-operate with the honestly Liberal portion of the *bourgeoisie*. As the reactionaries combine, so let us unite all opponents of reaction in a struggle for light and liberty."

An alliance between Radicalism and Social Democracy no longer seems inconceivable to-day. There was a time, not many years ago, when an understanding between these two parties was impossible, as much because of want of genuine sympathy with social reform in Radical circles as of irreconcilable doctrinarianism on the part of Socialism. It is hardly too much to say that the entire Socialist movement is a result of the neglect of the burgher parties of forty years ago to recognise the social evils around them. This neglect was, indeed, palliated in some degree by the fact that important national problems were then knocking at the door, so that the Governments and legislatures were unable to concentrate attention upon a homely question like that of the condition of the people, yet it has left a legacy of troubles behind it. Nevertheless, it cannot be said that the industrial conditions of those days, bad though they were, were comparable with those which prevailed in Lancashire when the cotton trade was being built up on the inhuman exploitation of child life. German social historians, from Karl Marx forward, have made much capital out of the cruelties incidental to the

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while the Stuttgart international congress of Socialists in 1907 (August 20th) passed a resolution, as long as a speech, against militarism, German delegates spoke against it amid the applause of their followers. Some of Herr von Vollmar's words deserve quoting as representing the better and more representative spirit of German Socialism. Answering the French cosmopolitans he said:—

"Let me say what the German Social Democrats will think and do. Militarism and war will ever find decisive opponents in us. We are ready, as of old, to continue the strife, but we will not let the sense of battle be distorted. It is untrue that internationalism is anti-nationalism. It is untrue that we have no fatherland. I say 'fatherland' without any hair-splitting. Love of humanity cannot hinder us for a moment from being good Germans. Although we vigorously combat the egging on of peoples against each other, it is undesirable that nations should cease and so form an indistinguishable *pot pourri* of peoples. To some, indeed, the fighting of militarism by the education of the masses may seem too slow a method, but from any speedier solution only anarchical recipes evolve, which are to be condemned on principle."

During one of the latest debates in the Reichstag on the army estimates (April 24, 1907) the Minister for War, in answering Socialist criticism, declared, "You deny the necessity of the army." The answer "No" came in unison from the Socialist group.

In fairness it should also be remembered that the Socialism of the South of Germany, like the entire character of the people there, is far more moderate and ductile than that of the North, with the result that the relationships between the Socialists and the other parties and the Governments are in the South almost invariably smooth where not actually cordial. Although a resolution of the national party declares it to be contrary to good principle, and in practice quite unallowable, for Socialists to vote a Budget, on the ground that to do so is to endorse the existing political system, the Socialist groups in the Diets of Bavaria, Würtemberg, and Baden commit this act of treachery with clear consciences. The North German Socialist is perfectly willing to recognise the existing order to the extent of using the electoral laws; he does his best to win seats and is never

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slow to claim and occupy the seats won; he loyally accepts the forms of the Legislature; he works hard and honestly on Parliamentary Committees; he freely votes expenditure and introduces measures involving new taxation—all this he does, and regards as justifiable and consistent; yet when it comes to giving final sanction to taxes for which he has made himself responsible he moodily withdraws from the sitting, abhorring a Budget as an unclean thing. For this attitude, incomprehensible to the South German Socialist, there is no justification whatever in reason or logic: it is solely attributable to the fact that once upon a time it was enjoined by a party resolution, still unrepealed, and that a principle of action should have been affirmed in that solemn manner is conclusive for the stolid and phlegmatic Socialist of the North. The attitude would be trivial and insignificant were it not for the further evidence it affords of the slavedom to phrases and traditions which is so fatally characteristic of the Socialist party, and which makes many of its methods as ineffectual and unpractical as are its measures.

So, too, the Socialist of the South attaches but an academic interest to the republican theories which are terribly serious to some of his North German colleagues, since they are laid down in the programme. On the birth of a prince to the Grand Ducal house of Baden in the spring of 1906 the Socialist deputy for Mannheim, the leader of the party in that State, promptly paid a loyal visit of respect to the reigning family, and was received with the same cordiality as the oldest member of the aristocracy. In the summer of 1907 the Socialists of the Lower House of the Hessian Diet voted an address to their Grand Duke, and when the official organ of the party in Berlin protested in hysterical language their leader, Dr. David, replied that it was necessary to "discriminate in the treatment of the various German princes." In Würtemberg and Bavaria the attitude of the Socialists towards the reigning houses is no less loyal and decorous; and in the homes of the working class it is no uncommon thing for portraits of royal personages and Social Democratic leaders to hang side by side. On the other hand, it was a South German Minister President who said in 1904 in the Diet of his State (Baden) that "the Socialist movement was a legitimate political movement, and he would be

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sorry if it had no representation in that assembly." When in 1907 a Social Democratic railway workshop mechanic was elected to the Bavarian Lower House his employer, the State, continued to pay his wages while he was absent from work discharging his legislative duties, though he generally voted against the Government.

What is difficult for outsiders to understand is the fact that the very Socialists who protest most energetically against any such recognition of the existing political and social order as might be implied by voting Budgets are loudest in their complaints that the constitutions of several of the German States do not allow them a representation proportionate to their numbers, and most deeply resent the denial to Socialists of official positions carrying State authority. In Prussia Socialist Mayors, members of Municipal Executives, jurymen, and the like are impossible, not because they are never elected, but because the Government refuses to confirm such appointments, and to the Socialists their exclusion from offices of the kind is a standing grievance. The contention of the Government, supported by legal decisions, is that a Social Democratic public official is a contradiction, for so long as Social Democracy seeks the subversion of society and the State such an official could not honestly do his duty.* Theoretically the argument is incontrovertible, though the fact that it is equally applicable to Socialist legislators, soldiers, and even electors and taxpayers, proves of how little value is abstract reasoning in practical affairs.

Upon all such questions of civil qualification the Radical groups are in unison with the extreme party of the Left, contending that a little less logic and more knowledge of human nature would make for a better feeling on both sides, and that the inevitable effect of stamping Socialists as necessarily enemies of the State is that it tends to make them so. It would be interesting to speculate upon the course which Social Democracy might have taken had it at the outset been treated,

* In 1907 the Chief Administrative Court of Prussia (Oberverwaltungsgericht) decided that a communal president who had become a Social Democrat disqualified himself from holding office further under the Disciplinary Law of July 21, 1853, which states that "An official who violates the duties imposed upon him by his office, or by his behaviour, either in his office or outside, shows himself unworthy of the respect, deference, or confidence which his profession requires, shall be subject to the provisions of this law."

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by a generation now passed away, with more understanding and more tolerance. When Herr Bebel sat in the North German Diet in 1867 he could say, "I belong simply to the radical-democratic, or, if you like, the people's party." It is easy to see to-day that it would have been worth a king's ransom to have kept the Saxon wood-turner in the channels of constitutional agitation, as might once have seemed possible.

Looking to the immediate future, therefore, it seems less likely that the existing divisions within the Socialist ranks upon questions of doctrine and policy will lead to disintegration, than that they will be resolved by such modifications in the party's attitude towards questions of practical politics as will facilitate action with other groups equally interested in the welfare of the people. No renunciation of ultimate aims will be required of the idealists of the party, but they will probably see the wisdom of joining their "realist" colleagues in concentrating attention upon reforms realisable in the present, and making each of these a starting-point for new effort.

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CHAPTER XXIII

THE POLISH QUESTION

Prince Bismarck on the Polish question—Germanism *versus* Polonism—Increase of the Polish population in the East of Prussia—Poles in the West—Spread of the Polish movement to Silesia—Inconstancy of the Prussian Government's Polish policy—The Poles will not sacrifice their cause to their religion—The Polish indictment—The language question—The promise of King Frederick William III. of Prussia—Abolition of Polish from the schools—The school strikes of 1901 and 1906—The "Settlement" of the Polish provinces—How the Poles have counteracted the Government's endeavours—Activity of the Polish land banks—German landowners sell to Polish buyers—The competition for land has resulted in excessive prices—Economic results of the settlement scheme—The prosperity of the Polish districts increased—Political failure of the scheme—The Poles more numerous and influential than ever—The rise of a Polish middle class—The new expropriation law—Attitude of the Poles towards the Germans—Intolerance answered by intolerance—The Polish political associations—The alleged revolutionary aims of the Polish movement.

NEVER since the final partition of the Polish kingdom has the Polish question disappeared even temporarily from the political calculations of the East European Powers. The significance of the problem for Prussia in particular was to the last one of Prince Bismarck's gravest reflections, as may be seen from various passages in his last published memoirs.

"In the Polish question," he writes, "Austria is confronted by no such difficulties as for us are indissolubly bound up with the re-establishment of Polish independence—difficulties incident to the adjustment of the respective claims of Poles and Germans in Poland and West Prussia and to the situation of East Prussia. Our geographical position and the intermixture of both nationalities in the Eastern Provinces, including Silesia, compel us to retard, as far as possible, the opening of the Polish

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question, and even in 1863 made it appear advisable to do our best not to facilitate but to obviate the opening of this question by Russia." Again, "Galicia is altogether more loosely connected with the Austrian monarchy than Posen and West Prussia with the Prussian monarchy. The Austrian trans-Carpathian eastern province lies open without natural boundary on that side, and Austria would by no means be weakened by its abandonment, provided it could find compensation in the basin of the Danube for its five or six million Poles and Ruthenes. Plans of the sort, but taking the shape of the transference of Roumania and the Southern-Slav populations to Austria in exchange for Galicia, and the resuscitation of Poland under the sway of an archduke, were considered officially and unofficially during the Crimean War and in 1863. The Old Prussian provinces are, however, separated from Posen and West Prussia by no natural boundary, and their abandonment by Prussia would be impossible. Hence among the preconditions of an offensive alliance between Germany and Austria the settlement of the future of Poland presents a problem of unusual difficulty."

To the last Bismarck saw no possible solution of the problem. "Any arrangement," he writes, "likely to satisfy Poland in the provinces of West Prussia and Posen and even in Silesia is impossible without the breaking up and decomposing of Prussia."

It is, however, questionable whether the political aspect of the Polish problem weighs as seriously with Prussian statesmen today as the purely racial question whether Germanism or Polonism shall ultimately dominate in the eastern part of the monarchy. Polish discontent, agitation, avowal of national aspirations—these things are perennial and change only in form and degree. What has of late startled the whole Germanic population of Prussia is the discovery that there has been going on, unobserved and almost unsuspected, a growth of Polish influence which has already assumed threatening proportions, and has, in fact, in certain parts of the Prussian monarchy entirely changed the racial equilibrium to the displacement of Germanism—German sentiment, culture, ideals, institutions. A certain alarm was accordingly caused when a leading economic journal (Conrad's *Jahrbücher der Nationalökonomie*) called attention to the fact that "In many districts of West Prussia, Posen, and Silesia, the Poles form the great majority—as far as 90 per

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cent.—of the population, while the aggregate number of Slavs [in these entire provinces] is about 12 per cent. of the whole. The towns of the entire East of Germany were a generation ago German to the core. The Polish districts in the East have preserved their former character, except that, owing to a large natural increase and a strong migration of Germans, the Slav race has further increased its predominance. But a great revolution has gradually set in, and one which in the future will make itself felt with increasing force—the towns in the East are being 'Polonised.' A further new and rapidly-growing movement is the migration of Slav labourers in united bands to the industrial districts of the West."

Written several years ago, these words exhaust the significance of the Polish awakening still less now than then, for a host of independent facts might be cited in corroboration. It is not merely that the Poles have strengthened their position in the traditional strongholds of the race; they are conquering districts which have immemorially been occupied exclusively by Germans. In 1860 there was not a single Polish workman in the industrial districts of Westphalia and the Lower Rhine: now there are some 200,000 Poles of all ages there. There are twenty collieries employing more Poles than Germans, and in some cases the Poles form 70 per cent. of the whole. Nearly ten years ago a leading Polish Deputy, criticising the Settlement Bill, soon to be referred to, prophesied in the Prussian Lower House: "The consequences of this law will be that the Polish labourers will be compelled to migrate—they will either cross the ocean or they will flock to the large towns." Whatever be the cause, the prediction itself has proved correct: a very considerable exodus of population has taken place, but the movement has been a migration, not an emigration. Polish labourers have left their native provinces by the ten thousand and have supplanted German labourers on their own ground. Hence it came about that at a time of depression several years ago a Prussian Deputy made the serious appeal to the Government, in its imputed capacity of social conciliator: "Should workpeople have to be discharged in Westphalia and on the Lower Rhine the Government would earn gratitude if it used its influence to induce the employers to get rid of the Poles first."

Almost equally remarkable is the strong footing which the

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Poles have obtained in Silesia, which never had part or lot in the old kingdom of Poland, though it is just possible that their intrinsic racial influence here is artificially increased owing to the sympathy and support which they receive from the German Ultramontanes, for when it is a question of Ultramontanism *versus* Protestantism, the German Roman Catholic is apt to forget his nationality, and to cast in his lot at the polls with candidates who, if they could, would be only too ready to undo the Imperial unification which was wrought by "blood and iron" nearly forty years ago.* Save to the Pan-Germanist, who feeds his patriotic soul upon the empty cry of "Germany for the Germans," without understanding exactly what he means by it, the strength of the Polish influence would be a matter of indifference were that influence to be reckoned amongst the centripetal forces in national life which make for political unity. Notoriously the opposite is the fact. Whatever be the professions, whatever the justification and the excuse, Polonism spells anti-Prussianism, and because anti-Prussian it is also anti-German, and by no exaggeration of charity can it, under present circumstances, be regarded as a source of strength to either Monarchy or Empire.

No one can reasonably doubt that the inconstancy of the Government in the treatment of the Polish population and of Polish movements is in part responsible for the present difficulty of the problem. Instead of pursuing a policy unwaveringly firm, yet not less scrupulously fair and just, a policy which, while making due statesmanlike allowance for national sentiment, aimed at enlisting this sentiment in the cause of the wider nationalism, Prussian rulers have only been consistent in inconsistency, for they have throughout vacillated between yielding suavity and unbending rigour. And so, while the former policy has only provoked mistrust and contumely, the latter has won for its authors, as was inevitable, hostility and hatred. Resentment is an emotion of longer life than gratitude; hence when the Pole sets the good things which have been done for him against those which have mortally wounded his pride and needlessly provoked his anger, it is inevitable that he should decide that

* Hence the significance of the remark made by the Clerical *Volkszeitung* of Cologne *apropos* of Prussia's "unhappy Polish policy": "Not only is the antagonism between German and Slav revived, but also that between Catholic and Protestant—too big a handful, surely, at one time."

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the balance remains overwhelmingly with the latter, and should think and feel and act accordingly. And to-day, as for the last hundred years, there still goes on between the Prussian Government and its administrative officials in the Polish districts, on the one hand, and the Polish people on the other, an unceasing feud, an unchanging contest for ascendancy, maintained with equal resolution on both sides, the one seeking to assert German influence, ideas, culture, language, the other tenaciously, unwearyingly, and desperately resisting the onslaught with all the strength and bitterness which pride of race and of history can generate.

Nor, Roman Catholics though the Poles are almost to a man, has it proved possible to abate this war of races by the friendly interposition of the ecclesiastical arm. The Government may make concordat after concordat with the Papal See, removing successive difficulties between Germanism and Ultramontanism, but by mutual consent the Polish question is regarded as beyond the sphere of negotiation. On the occasion of a visit to Gnesen in August, 1904, the Emperor appealed to the Poles in the name of their religion to rally to the German cause. "Upon the occasion of my last visit to the Vatican" (May 4, 1903), he said, "the venerable Leo XIII., in taking leave of me, clasped me by both hands and, Protestant though I am, he gave me his blessing with this pledge: 'In the name of all Catholics who are your subjects, of whatever race and of every class, I vow and promise to your Majesty that they will ever be loyal subjects of the German Emperor and of the King of Prussia.' Yours it will be to make good the noble words of the great and venerable priest, that after his death faith may not be broken with the German Emperor." The impressive appeal found responsive echo in the breasts of German Catholics, but it left the Polish Catholics cold.

The Poles evince a pathetic attachment to the Roman Church, for which they would make any possible material sacrifice, but in the matter of national aspirations nothing is asked from them, for nothing could be given. To urge them to a formal acceptance of Prussian sovereignty would be to urge them to cease to be Poles. Poles they are and Poles they choose to remain—not Prussians, not Germans, not Imperialists, nor yet Monarchists, save in remembrance of the monarchy

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which is no more, or in anticipation of the monarchy which they hope and pray may yet exist again. For even in the deepest depth of national humiliation and distress the Pole has never wavered in his conviction that, in the words of his beloved song, "Poland is yet not lost." For him Kosciuszko's tragic lament, "Finis Poloniæ," is an unspoken word.

If we would understand the perpetual friction which exists between the Prussian ruling classes and the Poles it is necessary to inquire into the character and extent of the grievances which to-day keep the ancient feud alive. On the occasion of one of the often recurring debates on this subject in the Prussian Lower House Dr. Jazdzewski formulated the following charges:—

"No Pole can plead his own cause before the courts in his mother-tongue, and should he wish to employ it before the administrative authorities he is not heard;

"Immemorial names, with a millennium of history behind them, are summarily abolished at the instance of the sub-prefects, the Government and the Ministry;

"Family names are distorted by the authorities;

"Every class meeting is held under police surveillance, and open-air meetings are prohibited altogether;

"Polish theatrical performances are for the most part forbidden or stopped."

Assuming, and in fairness it should be assumed, that in advancing these charges the Polish leader unduly generalised from particular instances, there is yet sufficient foundation for them to explain the deep-rooted feeling of hatred and resentment which the Poles entertain towards the ruling nation. The language grievance, which lies at the root of all these charges, is one which falls on the Poles with peculiar severity, because it is the grievance which is most universal and which touches them in the most susceptible part of their being, wounding alike national, domestic, and religious sentiment. Historically the Poles unquestionably have right on their side, just as from the national standpoint they have justice, in demanding that their language shall be not merely tolerated but protected. On the acquisition of the Polish provinces by Prussia, King Frederick William III., "on his kingly word," promised "on behalf of himself and his successors" freedom of religion and the maintenance of the Polish language in administration, in

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the law courts, and in the schools. Gradually, however, the lingual right has been withdrawn, and at the present time the Polish language enjoys no special tolerance—indeed, no tolerance at all—in any department of civil life. It is literally true that, alike in pleading for justice before the judicial tribunals and in public intercourse one with another, the Poles are no longer permitted to employ the tongue which is natural to the expression of their thoughts, and the hardship is keenly felt. Not long ago a meeting of Polish electors was called at Halle in order to hear the political issues of the day explained in their mother-speech by Polish Deputies, but the police authorities, absolutely without legal right, required the use of German. The requirement had of necessity to be obeyed, with the result that the addresses given were incomprehensible to most of the hearers—a singularly ingenious way of ensuring the intelligent exercise of the franchise.

On behalf of the Prussian Government it is contended that there is constitutional justification for the invasion and ultimate cancelling of Polish "particular" lingual rights. Granting that at the time of the partition special franchises were promised to the inhabitants of the appropriated territories—franchises which were to include even "national representation and institutions" long before they were thought of as suited to the rest of the Prussian monarchy—it is pointed out that half a century ago the rights of King and people underwent a complete change, in that they ceased to be regulated by tacit and unwritten agreement and were put down in black and white in the form of a political constitution. It is, therefore, argued that the Prussian constitution of 1851 must be regarded as superseding all pre-existing political arrangements, hence that by accepting that document the Poles forfeited all right of appeal to earlier promises and guarantees. While, however, such an argument may be capable of satisfying the official conscience, it fails to remove the objection of the Poles that the suppression of their language is a blow aimed at the race and at the sanctities of hearth and home. Still less does it explain away the breach of the provision of the Prussian Constitution which expressly affirms that "All Prussians are equal before the law."

The abolition of Polish from the schools came last of all, and with it the cup of exasperation may be said to have been filled.

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Divided counsels long held the hand of the Prussian Minister of Education before the fateful step was taken. Up to 1873 all Polish children were instructed in the language of their parents. In that year the Government decreed that only German should be taught in the elementary schools, though an exception was made for religious teaching. This unmerited blow at national sentiment caused the Polish peasantry, which had hitherto stood aloof from the anti-Prussian movement, to join hands with the rest of the race.

A more serious aggressive move was made in 1883, when an order was issued by the provincial Government of Posen requiring that in all urban elementary and private schools of the town of Posen, but in the elementary schools only in the other towns of the province, religious instruction should be imparted in the German language if at least half the scholars in attendance were of German birth. The then Minister of Education, Dr. von Gossler, disapproved of the order, as did the Prussian House of Deputies of that day, and it was rescinded. Count Zedlitz, the successor of Dr. von Gossler, maintained the same attitude, and under his *régime* the principle of imparting religious teaching in the language of the parents and the home was consistently upheld throughout Polish Prussia. It was a later Minister, Dr. Studt, who ventured to reverse this principle, justifying his action by considerations of State policy—the awkwardness of a bi-lingual system of education, and still more the persistent efforts of the Poles to make their privileged position a means of racial isolation. His decision still holds good, and in view of recent Ministerial declarations it is not likely that this part of the Government's Polish policy will, for the present at least, be reconsidered, in spite of the bitterness which it has created. To make matters worse, a Ministerial decree of April 12, 1899, required teachers to disuse Polish in the family circle. These teachers are, of course, Germans, imported from other parts of the kingdom, who have married Polish wives.

The famous "school strikes" of 1906—a fitting counterpart to the equally memorable Wreschen school scandals of 1901—came as a reminder of the depth of aggravation caused by the language prohibition. These strikes began in the autumn of 1906 and lasted into the following spring. They originated in

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the diocese of Posen, but spread to other parts of the Polish enclave and even to Breslau. In the diocese of Posen alone 40,000 children "struck." The rebellion began with a refusal to answer questions in German, and it ended in abstention from school altogether. Not only elementary schools but gymnasia joined in the movement. A Prussian educational journal thus summarised the judicial consequences of these organised rebellions against the school authorities:—

"Two hundred and eighty communal presidents and justices have been cashiered, and 120 Polish members of school committees, including 65 clergymen, have been relieved of their positions. For incitements to school strikes 35 priests have been sentenced to 20 months' imprisonment in the aggregate, and the fines inflicted upon them have amounted to £317, while proceedings are still pending against 20 clergymen. The fines inflicted upon Polish editors amount to £972, and the terms of imprisonment to 45 months. Further, about 1,450 parents have been fined £900 for the non-attendance of their children at school. Other private persons, being neither priests nor editors, have been sentenced to terms of imprisonment amounting to six and a half years for indictable offences connected with the school strikes. In addition to the heavy legal costs the strikes have cost the persons concerned some £1,550 and twelve years of imprisonment."

How the Poles feel on this language question cannot be better described than by the following extract from a letter penned by one of the most prominent members of the Polish aristocracy:—

"The Polish language has been banished from the school, from the administration, and all public institutions. So far has the embargo gone that religious teaching is no longer imparted to the children of the communal schools in their mother-tongue but in German, a language which they but little understand. Gratuitous private instruction in the Polish language is punished by fine or imprisonment. It is required of teachers and officials of Polish nationality that they shall only speak German in the family circle, and they are often removed from their native districts to distant parts of the country so that their Germanisation may be the better facilitated. . . . How far the antagonism to the Polish national sentiment has gone may be judged from the fact that not long ago police visits were made to the houses of Polish

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scholars attending the upper classes of higher schools and search made for Polish books of alleged 'propagandist' tendency. Verses and other literature quite innocent in character were confiscated and the scholars to whom they belonged were put in prison. Who is to blame in such a case, and who is the real 'agitator'? Surely not the scholar, who, refused the opportunity of learning his mother-tongue and the literature and history of his country in school, endeavours to acquire that knowledge in his spare time at home. Every right-loving person must regard such treatment of loyal citizens as wrong and unjustifiable, and allow that it furnishes just cause for extreme embitterment."

Nor is the abolition of the Polish language as far as the more zealous advocates of Germanism would go. There are those who seriously propose to close the rural schools of the Polish provinces entirely to teachers of Polish nationality, not because they do not understand German, but because, though teaching in the German language, they "feel Polish" and cannot sufficiently identify themselves with the sentiments and ideals of the ruling class.

But the measure of repression which has embittered the Poles more than any other, and that without effecting the end its authors had in view, is the "colonisation" of Polish districts with German settlers which has now been going on for two decades. This measure dates from 1886, and was one of several heroic efforts made by Prince Bismarck to cope with social problems on principles which required the assumption that political economy had definitely been banished to the planet Mars. It was a copy of the "inner colonisation" policy pursued by the Great Elector, King Frederick William I., and Frederick the Great, and like all copies inferior to the original. Bismarck first contemplated the compulsory expropriation of the Polish landowners, with a view to a radical clearance of the disaffected elements, and he expressed his willingness to expend fifteen million pounds upon such a measure, but public opinion was not behind him and he decided to try voluntary means.

The sum of five millions was set apart in 1886 for the purchase of Polish estates in the provinces of Posen and West Prussia, with a view to their disintegration and re-sale to German settlers of unquestioned national and political integrity. Not only the initial

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five million pounds, but an additional twelve and a half millions voted later, have been spent in the way intended, but without producing any visible impression upon the difficulties which this outlay of money was expected to solve. It is true that a certain number of German farmers have been drawn to the east of the monarchy from all parts of the Empire, but the new element of Germanism which has thus been introduced into the Slav provinces bears no appreciable proportion to that of Polonism, which now as before remains overwhelmingly preponderant and still gives tone to the entire life and thought of that part of Prussia. Moreover, the dispersion of the settlement money has afforded not a few impecunious Polish landowners timely relief under circumstances which had become very embarrassing. Directly any of these proprietors offered their encumbered estates for sale, the Land Commission rushed at them with tempting offers which cut out altogether the normal buyer and speculator. Worse still for the operation of the Government's plan, many of these landowners, after blandly disposing of their estates at inflated prices, expended the proceeds in purchasing other estates on more advantageous terms, which estates they divided out in small holdings and placed in the hands of Polish tenants, thus effectively rendering nugatory the State's Germanising endeavours.

From the first the Poles have striven to defeat the Government on its own ground. When the Settlement Bill of 1886 was passed they answered the challenge by establishing a large Co-operative Land Bank, the capital being provided partly by co-operative societies and partly by Polish tradespeople and industrialists of the towns. The irony of the situation was shown when the Government was compelled to extend to this Land Bank the privileges which can be claimed by such institutions in virtue of its own law for the promotion of peasant proprietors (the *Rentengütergesetz*), such privileges including the use of State credit at 3½ per cent., terms lower than could be obtained in the open market. The result was that by the end of the year 1896 the Poles had created exactly as many proprietors of Polish nationality as the Colonisation Commission had of German, and that in a shorter time. Other Land Banks were established later, and they have to-day a capital of £800,000, which is kept busily circulating, while a large

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amount of capital in the hands of private firms is employed in buying back from German proprietors as much land as the Government succeeds in acquiring from the Poles.

Throughout it has been a game of stroke and counterstroke. Thus in 1904 the Prussian Minister of Finance issued a rescript requiring all officials of public authorities to withdraw from Polish banks. The Poles promptly answered by withdrawing their savings from all the district savings banks and the German co-operative banks, and for the future traded with their own banks exclusively. The balance of advantage has on the whole been with the Poles, who to-day hold more land in the "settled" provinces than twenty years ago. During the ten years 1896 to 1906 the Germans lost to the Poles 125,000 acres, equal to 1 per cent. of the area of the two provinces. The explanation is that since 1898 the Land Commission has had to buy almost solely from German proprietors.

It is a sore point with the Government that so many German proprietors are willing to sell to the Poles if by so doing they can obtain a higher price than that offered by the Land Commission. Announcements like the following frequently occur in the newspapers circulating in the east of the monarchy: "The estate of X (a German landowner) at Y, containing 1,200 Prussian morgen (940 acres), has been sold for £12,000 to the Pole Z. This is the second estate in this neighbourhood which has lately passed into Polish hands. The Poles are negotiating for two other estates adjacent." Not long ago a Polish estate belonging to a member of the Agrarian League was sold to the Polish Allotment Bank for £60,000. For the same estate the Settlement Board offered some time before £47,500, which was regarded as a fair price. Naturally the defection of so many German landowners is a sore point with those of their colleagues who believe that the presence of the Poles in their ancestral home is a danger to the State, and to them the Emperor addressed a pointed admonition when visiting Gnesen in August, 1904. "The German," he said, "who without justification sells his property in the East sins against his fatherland; whatever his class and age, his duty is to remain here. I fancy that a certain struggle between heart and reason goes on in the German's breast. If a man is in a position to make a good bargain the heart says, 'Now retire, withdraw, go to the far

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West, where all is pleasant.' But reason must then come in and say, 'Duty first and pleasure after.' To labour here in the East is a duty to the Fatherland and to Germanism, and just as the sentry may not leave his post, so Germans should not desert the East." But German landowners find it difficult to view matters in this light, and weariness of the land and the prospect of selling out well induce many of their number not merely to withdraw but deliberately to make way for Poles. In 1907 such a landed proprietor in West Prussia sold his estate to a Polish bank for £12,500 more than the Land Commission was prepared to pay. A son-in-law, a lieutenant in a Silesian garrison, was immediately afterwards given "indefinite leave," and the meaning of the measure was clearly understood.

The result of this competition for land has been to advance its market value to an unconscionable extent. When the Land Commission began its work it was able to buy as much land as it wished in West Prussia at £10 per acre and in Posen at £12. Those low prices did not long continue, and since the competition of Polish buyers has become keener, prices at least 50 per cent. higher have for some years had to be paid, while latterly, owing to the necessity of buying in a rising market, the Commission has given more than £24 per acre for land which twenty years ago cost just one-half. In West Prussia the average price per hectare (2½ acres) increased from £26 3s. in 1886 to £30 9s. in 1895, to £41 1s. in 1900, and to £50 4s. in 1905. In Posen the average price per hectare increased from £30 1s. in 1886 to £35 2s. in 1890, to £40 11s. in 1900, and to £61 18s. in 1905. In some districts of Posen the increase has been threefold.

In judging the work that has been done by the Settlement Board a clear distinction should be made between the political and the economic aspect of the question. If the purpose had simply been the economic reawakening of the Polish East there would be much to praise and to admire in the results that have been achieved, for the settled districts have been entirely transformed and raised to a level of prosperity never known before. From this standpoint the settlement project is immensely interesting. Certainly nothing exactly like it has been tried in Germany before. During the twenty years the settlement experiment has been in progress the Land Commission has

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purchased 158 estates and 36 smaller peasant properties in the province of West Prussia, with an aggregate area of 222,440 acres, and in the province of Posen 359 estates and 251 peasant properties, with an area of 518,367 acres, making a total area bought, and for the most part settled, of 740,807 acres, of which only a third was formerly in Polish hands. For this land the Government has paid £12,516,000, at an average price per acre of £15 7s. in the province of West Prussia, and one of £17 11s. per acre in Posen. The following is a summary of the work done:—

Number of settlers' families established in Polish districts ...	11,957
,, of labourers' families similarly settled	458
Total number of persons represented above	81,000
Number of new villages founded...	315
,, of churches built...	35
,, of chapels built	23
,, of parsonage farms created	37
,, of farm schools created	271
,, of farm-school houses built	7
,, of buildings provided for industrial purposes and agricultural experimental stations	270

Cost of the above buildings, £425,000.
Amount of land drained, 115,875 acres.

Of the 11,957 peasant families who have been settled, 2,926, or 24·4 per cent., already lived in the two settled provinces, 4,925, or 41 per cent., came from other parts of Prussia, 1,671, or 14 per cent., came from other German States, and 2,435, or 20·3 per cent., were returned German families from Russia. It is noteworthy that 11,464 families are Roman Catholic and 439 Protestant. Little systematic attempt has been made as yet to settle labourers on the land: the vast majority of the settlers are peasants, each with his own holding of from 25 to 50 acres, which he can work with the help of his family or that of a single labourer. The best tenants are found to be those who come from West and South-West Germany; it is they who have specially built up the grazing industry which now forms so important a source of prosperity in the settled provinces.

The Board not only creates new villages and communes: it endows them with funds. As a rule 5 per cent. of the value of the holdings in a newly-created commune is set aside as a sort of dowry for the commune. The Board also establishes

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agricultural associations, loan and savings banks, productive co-operative societies, and other organisations and agencies for the benefit of the farmers. It has been estimated that the return on the money expended by the State, without counting the costs of administration, has been 2 per cent., though that in all probability is a very optimistic estimate.

The last published Government report on the work of the Settlement Board stated :—

"The settled provinces, economically backward and poor in resources, have been fertilised by the stream of money which has been caused directly and indirectly by the colonisation measures and the confidence shown by the other parts of the country in the Government's policy, begun in 1886, and continued systematically ever since. They have thus not only been able to pass successfully through the ordeal of the past two decades, so trying to agriculture, without suffering a relapse, but have brought the development of the land to a high level, so that its effects have favourably influenced industrial life. In the rapidity with which this result has been attained they have surpassed the other Eastern provinces, and so have made up for the lost ground. Waste lands and inferior land already in use have been brought into good cultivation on an extensive scale by the settlement scheme. The crops have in the course of a decade been increased by more than one-half, and great progress has been made in the working of the soil and in manuring. In these matters the settled districts everywhere take the lead. The development of cattle grazing has been extraordinary. In consequence of the settlement there are twice as many horses on the same area, thrice as many cattle, and ten times as many pigs. In this respect the settlements surpass the old peasant communes of West Prussia and Posen. There has been the same progress in the breeding of fowls and in fruit-growing. Agricultural education and co-operation have also been promoted. A further result has been a great extension of traffic in all parts of the settled provinces, and especially in the districts most strongly colonised. The railway goods traffic has doubled during the last ten years; the postal traffic has kept pace with it; and the means of communication have been greatly improved. In consequence of the more profitable use of the soil caused by the settlement scheme, a far larger population

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is fed by the provinces; while on the former estates there were on an average 30 persons to the square kilometre there are now 50, and these 50, who have taken the place of Polish labourers and foreign itinerant labourers, belong for the most part to the independent, patriotic, and loyal strata of the population."

There is no reason to under-estimate the purely economic results which have thus been attained. They may not have been realised on sound commercial principles, for a political purpose has admittedly been the underlying motive, yet the gain to the settled provinces has been solid and substantial. Against these results, however, must be placed the increased disaffection of the displanted Poles and the aggravation of the entire Polish problem both in Prussia and in the adjoining countries, and these are political liabilities of the first order which weigh heavily against the economic assets of the colonisation policy. The Poles, whether nobles, peasants, or labourers, resent the Government's attempt to supplant them as a species of denationalisation which shows their rulers to be still imbued with the spirit that decreed the original partition of the Polish monarchy. Either, they argue, they are subjects of the Prussian Crown, in which case the adoption of legal measures to decimate them, and destroy their legitimate influence in their traditional home, is subversive of every principle of State and civil justice, or they are aliens, an assumption which, to do them justice, they much prefer, in which case the proper thing for Prussia to do is to wash its hands of the Slav population altogether, leaving it to work out its own national salvation. It is furthermore felt as a grievance that the funds which are used for the expropriation of the Poles are drawn out of taxation to which the victims of this policy of repression contribute equally with the rest of the population—in other words, that, so far as the Government can compass its purpose, the Poles are being made their own executioners.

The purely economic arguments against the scheme take, from the Polish standpoint, a secondary place, though weighty enough in themselves. The system of peasant proprietary which is being set up in the place of the large estates is an artificial system. It is true that there has of late years been a great improvement in the men who have been accepted as settlers, yet

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even now it is held that the class of cultivators attracted to the Polish provinces are not, as a rule, the typical, hardy, plodding sons of the soil who form the backbone of agriculture everywhere, but men half rural, half urban, who have failed—or, at any rate, have not succeeded—at farming elsewhere, and, tempted by the liberal terms offered, are not averse to making a fresh experiment under entirely novel conditions, knowing that there will be behind them a benevolent Government, with a predisposition for coddling its *protégés*, since its policy and its credit are both bound up in their success. In truth, the inducements to life in the Polish districts are not strong enough for men of the right sort. In itself the Polish sphere of influence is not attractive to genuine peasants, who can always make a better livelihood in the western part of the country, when equal facilities for getting upon the land exist. Not only is the atmosphere unfriendly—and all the more so since the Government by its settlement scheme set German and Pole anew by the ears—but the entire economic condition of the country is backward, and all the profitable markets are distant or otherwise difficult of access; for the fact that in the towns the Poles have great, and often controlling, power does not help the German settlers to obtain a ready sale for their produce. Added to this, the Polish labourers upon whom the German farmer must depend are of a low class, and their inefficiency is but little compatible with a prosperous and progressive agriculture.

But the most pertinent objection to the colonisation scheme is the fact that it has failed entirely to effect the object in view. That object was the breaking down of the Slav ascendancy in its stronghold in the East of Prussia and the permeation of the Polish districts by a Germanic spirit and atmosphere. Not the most convinced friend of the scheme would pretend that this end has been accomplished. The Government's latest report on the work of the Land Commission says frankly: "The significance of the results achieved lies less in any real progress of Germanism than in the fact that its decline has at last been checked and that Polonism now shows signs of retreat." The language is not enthusiastic, yet it overstates rather than understates the facts; for while the German population of the settled provinces has increased by a few thousands, the Poles are still as much as ever in possession, and both socially and economically the vitality and

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power of resistance of Polonism have vastly increased. The same report admits :—

"Polonism during the last twenty years has gained both economically and in inner power. Its greater strength is in part a direct result of the German settlement. For this has been to the advantage of the Polish proprietors in increasing prices, so improving their credit, while by the stimulus it has given to the entire economic life of the provinces it has carried the Polish townsman forward as well. So long as the colonisation movement continues and Germanism in that way grows more quickly than Polonism in the towns it embraces, this Polish development will involve no real danger. Should the stream of German immigrants cease, however, the Polish danger will become more serious than ever."

Even tried by the mechanical test of numbers the settlement scheme has failed. In spite of an enormous immigration to the western districts of Prussia, the Poles have strengthened their position. The number of Poles per 1,000 of the population was as follows in the Government districts named at the dates stated :—

	1858.	1861.	1871.	1876.	1890.	1905.
Danzig (West Prussia)	286	284	247	273	278	271
Marienwerder (West Prussia)	375	375	376	378	390	401
Posen (Posen)	591	590	589	593	657	673
Bromberg (Posen)	499	466	466	469	501	504

It will be seen that only in one district of West Prussia has there been a decline, and in that district Polonism was never very strong. The census of 1905 showed that during the preceding five years the Germans in the entire province of Posen had increased by 43,000, equal to 5·97 per cent., and the Poles by 59,000, equal to 5·08 per cent., giving the Germans a higher relative increase of 0·89 per cent. Even so, the Polish population stood in 1905 at 61·21 per cent. of the whole. But the decline of Polonism was entirely due to migration to the industrial districts of the West, and had nothing to do with the settlement scheme; moreover, the migrated Poles will in time return to their native districts, more influential because

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more prosperous and more enlightened than when they left. During the five years 1900–1905 no fewer than 93,253 inhabitants of the province of Posen migrated, and the vast majority were Poles.

Not long ago Prince Bülow stated in a moment of optimism that it was safe for any one to "put his money on the racehorse of Polish policy." But it is a characteristic of Prince Bülow, and perhaps the characteristic is one of the chief explanations of his success as a statesman, that he has never taken difficulties tragically. A leading journal responded to his challenge in a different mood. "The present Polish policy," it said, "began in the year 1886, and the fruit which we have reaped so far from the seed then sown has been a crop of weeds. When Germanism is receding more and more, when Upper Silesia is falling into the hands of the Radical-Polish party, when in spite of all settlements in Posen and West Prussia the net result is a loss of German properties to the Poles to the extent of 125,000 acres, can it still be expected that we should have confidence and wait patiently for 'fruits'? No, we can join no pæans of jubilation on this score."

But the Prussian Government implicitly admitted failure by the proposal made towards the close of the year 1907 to compulsorily expropriate Polish proprietors in the two settled provinces where land cannot be acquired by voluntary contract. The Polish owners henceforth are not to be allowed to sell if they like, but they must sell if the Government likes, and not only so, but the buyer, the Land Commission, is to be able to fix the price. "We intend," said Prince Bülow, "that the Polish landed proprietors shall be compelled in the national interest to place their land at the disposal of the State." That it is really to the national interest that the Poles should be harried from their estates and homes is taken for granted, though the proposed measure has excited alarm and reprobation in German circles of undeniable integrity and as warmly opposed to the Polish national movement as Prince Bülow himself.

Compulsory expropriation aimed at one particular race, and that race part of the Prussian State, can with difficulty be reconciled with the provision of the constitution which declares property to be "inviolable," but it is characteristic of the anti-Polish party that constitutional and political scruples do not in the least

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influence it. For it the only question is whether the coercive measures offer a reasonable prospect of success, and whether the results will be proportionate to the cost. "A hundred million marks spent in this way," said a spokesman of the party recently, "mean only three shillings per head of the Prussian nation, and the interest to but a few pence. In national questions such an expenditure is not worth talking about." Nothing could better indicate the entire spirit of the Polish policy than this reduction of a question involving profoundly important issues to a mere matter of money. That the expropriation of the Polish landowners would effect the end desired is seriously believed by no one outside the circle which for the present is so charmed by the idea of force as to be incapable of weighing dispassionately the meaning of the Government's latest move. Least of all do the Poles fear extinction. "We Poles do not regard the matter so tragically," said recently Dr. von Dziembowski, a member of the Imperial and of the Prussian Diet. "We exist still in spite of many exceptional laws, and these laws have nearly always been to the advantage of Polonism rather than Germanism. So it will be with the measure of expropriation. The Poles will as a result get hold of plenty of ready money, their material position will be raised, and we shall less than ever experience lack of funds, for the money deposited in the Polish banks for industrial purposes will bear rich fruit." So, too, Herr Rowadski, another well-known leader of the Polish movement, writes: "The principal effect of the expropriation of the landowners will be the Polonising of the towns in the East. The Poles driven from the land will turn themselves to trade and industry, in order to counteract the operation of the law of expropriation in another way."

But the Polonising of the towns here referred to has already begun, and it is a punishment which Germanism has wilfully brought upon itself. One of the most remarkable results of the Polish awakening in the East is the growth of a thriving commercial and artisan class. The Poles of the towns are no longer hewers of wood and drawers of water for their German fellow-subjects. More and more they are ousting the Germans from the exclusive position they have held for years, and are coming to the front in mercantile and industrial life. It is significant that in this building up of the Polish people the

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handicraftsmen are taking an important part. Since the Poles were driven from the country districts to the towns by the operation of the settlement legislation an entire race of artisans has sprung up. These Polish artisans are assisted by the national banks and co-operative societies, which advance money to any respectable tradespeople of Polish race on very easy terms, viewing the growth of a lower middle class as one of the strongest weapons of defence against Germanism. Once established, the Polish artisan or trader has little to fear. His livelihood may not be brilliant, but it is certain, and for the rest he is frugal and has few wants. No Pole will trade with a German if he can help it; "Polish business for Poles" is the principle tacitly followed, and where the Poles are in a majority German tradesmen have little chance. On the Government's admission there were in 1905 10,600 independent artisans of Polish nationality, against 10,300 of German nationality, in the towns with a population of 5,000 and upwards in the province of Posen.

"Thirty, and even twenty, years ago," wrote the *North German Gazette* recently, "German artisans were dominant in the small towns of the East Mark, and lived for the most part in good circumstances. Now the handicrafts in these small towns are entirely in Polish hands, and where a German artisan is settled his economic position is generally a very unhappy one. In the large towns business life preserves its German character to the extent that, with few exceptions, all large business concerns are still in German hands, and the large and thriving industry is entirely German, but lower down the persistent upward movement of small Polish handicrafts is noticeable. One after another new Polish artisans set up business, and side by side with them the number of the small Polish traders increases. Many handicraft businesses, which for generations were in the same German hands, have passed by sale into Polish hands, and so the number of German artisans and tradespeople gradually decreases."

"So there springs up in every town," says the writer, "one Polish shop, one Polish workshop, after the other; more and more the small Polish businesses push into the centre, into the main arteries of trade, and the Germans are gradually being superseded. The smaller the town the less are the Germans able to

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hold their position under such circumstances. The Poles are pressing irresistibly forward, the Germans are being driven into an attitude of defence, which the longer it lasts will become the more untenable unless all the districts of the East Mark recognise the issues at stake, and give to the struggling German industrial middle class powerful support."

In truth the revolution which the Germans in the East most seriously fear is not a political revolution, but an economic revolution, which will transfer wealth, power, and influence from the dominant to the subject race. The feeling of Germans on the spot is well reflected by a letter from the province of Posen which appeared in the *National Zeitung* some time ago: "Irresistibly, like a Juggernaut car, the Slavonic element rolls onward; step by step it conquers the towns and villages of the Prussian East. It is not nowadays political separation by revolutionary methods that is in question, but the quiet, noiseless political and social conquest of those regions. . . . Whenever the place of a lawyer or of a chemist is free the Pole steps into it; whenever a piece of land in town or country is for sale Polish money is offered for it, and this money streams into the country from secret sources which seem to be simply inexhaustible. The German, who has not this vast economic and social backing, forsakes the soil where he is in the position of the weaker party, and where he must remain so unless all Germany helps him. The Pole stays, the German goes; that is the wretched Polish question in a nutshell."

That the Poles have only answered intolerance with intolerance, bitterness with bitterness, must be frankly admitted, and Polish human nature would be very different from any other were it otherwise. There are friendly relations as well as unfriendly between Pole and German, but the former is the exception, the latter the normal condition of things. It is in the rural districts that the racial antagonism comes most to the front, and how intense it can be there may be illustrated by an incident told in the Prussian Parliament some time ago. A child of a mixed marriage, in attendance at school, hesitated to answer questions in German though known to be proficient in the "alien" language, and being pressed for the reason, confessed that its mother had threatened to kill it if it spoke but one word of German. An empty threat, yet one which well exemplifies the hatred which has

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entered into the Polish blood. That the Polish priest should decline to acknowledge the greeting of passing German children shows the same feeling from the trivial side. "The Slavs," admitted not long ago the Radical *Vossische Zeitung* of Berlin, a journal by no means unfriendly to the Poles, "though living amongst Germans, have in no sense of the word become Germanised in spite of all the efforts made to produce that result." And the Polish journal, the *Katolik*, published in Upper Silesia, promptly confirmed this statement by the utterance: "Every Polish-speaking Upper Silesian is by nationality a Pole, and only provisionally a citizen of the Prussian monarchy. Whoever maintains that the Upper Silesian is a Prussian makes a vast mistake."

In whatever part of the Empire they live, in fact, the Poles keep themselves apart from the rest of their fellow-subjects just as the Jews do, and more than the Jews like to do, since the Poles isolate themselves voluntarily and of preference, while the Jews do it of painful necessity. Inter-marriage is deprecated, and though it is by no means a rare occurrence in certain classes of the population, events have altogether falsified the belief in which Prince Bismarck used to find comfort a generation or more ago, that the best way of settling the Polish question would be for German swains to endeavour to capture the dark-haired maidens of the Eastern provinces. No Poles will be found in the ordinary societies in which citizens associate for mutual edification or benefit. The Polish farmer goes his own way, though his neighbours combine for the various purposes with which the co-operative movement has familiarised the German agricultural classes. Where it is a question of the German or the Polish language having to succumb, it is never the Polish. An amusing incident arising out of a recent visit paid to one of the settled districts by Herr von Bethmann-Hollweg, Prussian Minister of the Interior, illustrates this. Passing through one of the new villages, the Minister stopped to speak to a German colonist. "Well, and how do you like your new home?" he asked. "All right," was the cheery reply, "except that we cannot yet sufficiently understand the Poles. But" (reassuringly), "never mind, *we shall learn Polish yet!*"

One may observe the same concentration in the case of the

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Italians who are so extensively engaged in outdoor labour in various parts of the Empire, and particularly in Alsace-Lorraine, where as many as 50,000 have been settled at one time; yet while the Italians follow the life to which they have been accustomed at home, trading almost exclusively with compatriots, there is no attempt to force their national self-consciousness, even if it exists, upon the attention of their neighbours. They work and sleep, drink, sing, and fight, as they so dearly love to do, and for the rest that land is for the time being their *patria* which treats them best. In the case of the Poles the isolation is deliberate, obtrusive, ostentatious, and not unnaturally it breeds resentment, inasmuch as there is no concealment of the fact that it proceeds from disaffection and a tacit repudiation of the common citizenship. The Polish workmen in the mining districts eschew the German trade unions, and is indifferent to their efforts to advance the interests of labour. In the industrial districts of West Prussia especially the Poles are to be found in tens of thousands, yet they form separate colonies, mixing little with the Teutonic element, cultivating with it no comradeship whatever, but asserting even in mine, factory, and workshop their claim to lead a life of racial independence. So, too, the Poles pass through the army like every other race in the Empire, but this duty to the law is discharged without enthusiasm, and they are never found in the *Kriegervereine* which keep together in genial comradeship the discharged conscripts who have served their two or three years with the colours together.

The only organisations which the Poles recognise are their own national "Sokol" associations, to belong to which is regarded as a patriotic duty. Nominally these "Sokol" associations exist for social and educational purposes, but, like the Working Men's Improvement Associations which overspread Prussia in the 'sixties, and brought Ferdinand Lassalle to the front, they devote most attention to ends which are least avowed, or not avowed at all, and these are political. So far as is known —though the subject is one upon which the Poles themselves are naturally very reticent—the number of these societies of agitation does not fall below a thousand, with an average membership approximately of a hundred. It was estimated that in 1906 60,000 Polish workmen were organised in the national unions of

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various kinds, the oldest being the Mutual Help Association working in Upper Silesia, with 12,000 members, the strongest the Trade Union of the coal miners at Bochum with 42,000 members. It is, however, difficult to establish the existence of Polish societies, even in face of the most reasonable suspicions, and still more to convict these societies of forbidden political propagandism. Nothing, in fact, illustrates the close bond of sympathy and interest which knits the Poles together than the remarkable secrecy which they are able to maintain touching the national movements and aspirations which are cultivated in their midst.

These, however, are not by any means the only ways by which the fires of national sentiment are fanned and fed. There are endless methods of appealing to the popular imagination—as by dramatic performances, by public song and lecture, by the circulation of books and ephemeral literature, and the like—methods which, while effective for the end in view, are often able to evade the restraining arm, if not always the vigilant eye, of the law.

This isolation of the Poles from the Germanic elements of the population has everywhere been accompanied by a closer drawing together of the Slav elements themselves. Perhaps the most remarkable feature of the national movement is the hold which it has obtained upon the imaginations and sympathies of the less cultured classes. For a long time the movement was confined in the main to the nobility and the higher burgher classes —in a word, to the more intelligent and more thoughtful sections of the Polish population. The rest kept aloof, lukewarm if not cold, and their indifference was the leaders' despair. Nowadays no more ardent adherents of the Polish national cause are to be found than the thriving middle class which has grown up during the past thirty years—thanks largely to the benevolent legislation of the much-abused Prussian monarchy—and the lower orders of Polish society. The national movement is now no longer confined to a few idealists of enthusiastic temperament, but is heartily embraced by every section of the race, which in all parts of the Empire makes common cause.

How far the movement is genuinely revolutionary is naturally, at its present stage, a question of opinion rather than of fact. Of late years the Government has come more and more to

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believe that it has really to do with a systematic conspiracy against the integrity of the State, and for this suspicion there would be ground enough if the utterances of the less temperate of Polish journals could be accepted seriously. In the national Press articles of an unquestionably treasonable character are of common appearance. Allegiance to the Prussian monarchy is deprecated when it goes beyond mere lip service, and the day is openly predicted when the Prussian yoke will be thrown off and Great Poland will be restored.

"To what end should Poles give assurances of loyalty?" asked not long ago the *Praca*. "The insincerity with which we make ourselves and others believe that our end is not the realisation of our ideal, an independent Poland, but merely the defence of our mother-tongue, avenges itself upon all of us. . . . Can our people, tortured and martyred as they are, feel the slightest spark of this loyalty and allegiance? Is there one Pole in Prussia who can say, hand on heart, that we can be loyal to the Prussian Government? Then let him come forward! . . . The belief in the future independence of our fatherland lies deep in every Polish heart. . . . We have often shown how subjugated nations only regain independence with 'blood and iron.'"

And to quote from the *Polak*, of Posen: "This is our relationship to the Prussian Government. Our allegiance is not worth the blacking on a soldier's boots. We are neither faithful nor loyal, and bear not a single good wish towards the Government in our hearts."

"If we had only to do with the three million Poles in Prussia," wrote the late Chief Mayor of Posen, "and if the confessional division of our nation did not exist, the solution of the Polish difficulty might not be difficult. But the organisation of the Poles numbers at least ten million people and extends to every part of the earth. The power and the influence of this organisation must not be under-estimated, especially as it is entirely hostile to Germany. That the Poles are working both on economic and political lines for the re-establishment of an independent Polish kingdom is an incontrovertible fact. Cowed, yet at all times ready for a spring, the Poles follow assiduously the political vicissitudes of Europe. Under these circumstances one is justified in speaking not

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only of a Polish question but of a Polish danger in the East Mark. The democracy and not the clergy is at the head of the movement."

Not long ago copies of a Polish prayer-book, circulating amongst the colliers of Westphalia, were confiscated by the police, who found therein invocations like the following:—

"Mother of God, Queen of the Poles, save Poland! All holy protectors of the Polish Republic, pray for us!

"From the Muscovite and Prussian bondage free us, O Lord!

"By the martyrdom of the 20,000 citizens of Prague, who were murdered for their faith and freedom, free us, O Lord!

"By the martyrdom of the soldiers murdered by the Prussians in Fischau, free us, O Lord!

"For weapons and for the national eagles we beseech Thee, O Lord!

"For death on the battlefield we beseech thee, O Lord!

"For the battle for the independence, unity, and freedom of our Fatherland, we beseech Thee, O Lord!

"For the equality and fraternity of the Polish people, we beseech Thee, O Lord!

"For the re-possession of the Polish Fatherland, we beseech Thee, O Lord!

"For an early universal call 'To arms!' we beseech Thee, O Lord!"

What gives greater importance to avowals of national aspirations such as these in the eyes of the authorities is the knowledge that they represent the ideals of the Poles everywhere. In Prussia generally the Poles now fraternise with their kinsmen in Russia and Austria. Hence the significance of utterances like those of the organ of the Polish democratic party in Russian Poland: "Poland will reacquire her independence only after a great war either between the Powers who divided Poland among them or between one or two of these Powers and other States in connection with a national rising of so potent a character that it will have to be reckoned with. . . . When the Transvaal War broke out and there were rumours of intervention, and, again, in consequence of the Chinese difficulty, a ferment gradually and quietly spread through the population of Russian Poland, where the tradition of active measures for the national cause is most strongly

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developed. When the report arrived that the Reserves were to be called out our political friends in touch with the people were overwhelmed with requests for advice as to the attitude that should be adopted. The people could not decide if they should flee the country or should remain hidden at home in readiness to respond to the call to fight for the independence of Poland. The people are convinced that such a fight will necessarily follow the outbreak of a great European war."

It is, of course, impossible to say how far utterances of this kind should be taken seriously, and it is only fair to remember that the more responsible leaders, while national to the heart's core, recognise that political independence is no longer possible, and—though without either gratitude or satisfaction—frankly accept the connection with Prussia as a finished fact of history, to be deplored, to be resented, but not under existing conditions to be undone. Those who do not take this indulgent view of the Polish agitation are never weary of quoting the words said—and doubtless with truth—at a national festival several years ago by Deputy von Koscielski, a wealthy landowner and a popular leader of undeniable influence: "You must be, you must remain, Poles, and if needs be you must defend yourselves as in the old days with axe and hatchet and scythe. At the present time we have no king. In times past the Archbishop assumed the reins of government in such a case. So now you must cling to him and consider him as your king." But Herr von Koscielski would be the first to admit if questioned that his words were rhetorical and were not intended to be taken literally. Moreover, his appeal to the late Archbishop Stablewski was an appeal to one of the most level-headed members of the Polish race, a man whose influence was consistently exercised in the direction of moderation. "What do people fear from us?" asked Dr. von Stablewski. "For more than thirty years the land has been perfectly quiet so far as we are concerned. Common-sense demands that we should conduct ourselves properly. An insurrection is impossible nowadays, for a single battalion would suffice to overcome 100,000 men armed with scythes. . . . We feel that we are Prussian subjects, and we have unreservedly acknowledged the existing state of affairs. We do not know what will happen in two or three hundred years, and if we paint pictures for

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ourselves of the future no one can object, as such dreams do not hinder us from fulfilling with pleasure our civic duties."

Moreover, even the most uncompromising of Poles so far recognises the *status quo* as to accept the *dictum* of Prince Bismarck that "The re-establishment of the kingdom of Poland, the tearing away of the Polish-speaking provinces of Prussia, would only be possible if Prussia were worsted in war." Then, indeed, not merely the Polish question, but other racial questions bound up in the future of Prussia and the Empire would at once pass into the political crucible. But obviously nebulous hopes which are thus contingent upon the incalculable vicissitudes of State life fall into a different category from those which are based upon systematic revolutionary agitation, and should be more leniently judged. The Prussian Government and judicial authorities think otherwise, however, and in their genuine alarm and apprehension lies the most charitable explanation of the more drastic *régime* now in force.

At the same time some of the measures to which the police have resorted in their determination to nip the Polish plot in the bud will hardly help to convince sensible people that the danger is a very real one. At Thorn a veritable mare's nest was discovered by these zealous officials. Somehow they had got wind of a schoolboys' secret society, and all sorts of terrible things were reported of it. Having set up the theory that a clandestine organisation existed, the next step was to convict it of treasonable practices and to lay bare the dark devices by means of which its nefarious designs against the State were furthered. A certain school in the town attended by many boys of Polish parentage was marked as the centre of conspiracy, and in order to bring the guilt home to the young suspects the police made visits to some of their homes during school hours. In six houses historical and ecclesiastical books printed in the Polish language were "discovered," and they were solemnly confiscated as constituting proof of illegal intentions. Not only so, but the police carried the farce so far as to indict no fewer than sixty boys on a charge of belonging to an illegal society, and the trial came off duly at Thorn. The existence of a society amongst schoolboys was never denied, nor was it disputed that this society endeavoured to promote the study of Polish history and Polish literature, since these subjects are excluded from the

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schools, but the imputation of treasonable intent was from the beginning absurd. Nevertheless, some of the accused were expelled the town and district. As evidencing the spirit of solidarity which binds Poles together all over the Continent, it is worthy of note that the Polish students resident in Switzerland promptly raised the sum of £1,000 for the purpose of assisting the expelled youths to study at Lemberg or Cracow.

The present position of the Polish question, then, is this—on the Prussian side repression, on the Polish side embitterment and exasperation; on both sides suspicion and antagonism. One may view the Polish national movement as unfavourably as he will, yet the warmest friend of Prussian unity, if he but possess the faculty for seeing both sides of a question, will be compelled to concede the reasonableness of Dr. von Jazdzowski's plea, made in the Prussian Diet during a recent debate:—

"When a people which has been incorporated in the Prussian monarchy by international treaties, with the assurance, with the solemnly uttered royal promise, that its nationality shall be protected and cultivated under Prussian auspices, and its language be preserved in official and private life—when all these pledges and promises are withheld from this people, which has suffered misfortune enough in losing its political independence, and are reversed, it cannot be wondered if such a population, with a thousand-year-old history and civilisation behind it, is dissatisfied and even exasperated by the Government's hostile measures, and if with its lively nature it gives energetic expression to its discontent and deep displeasure."

It is impossible to resist the conclusion that Prussia is doing its best to make the Poles bad Germans instead of good Poles. Such a policy cannot succeed, and its success would be more mischievous than its failure. There is profound significance in the words recently spoken by a German Deputy in the Prussian Diet: "We should not Germanise with the Landrath, the gendarme, and the assessors, but with the German schoolmaster. If only one-tenth of the money which has been spent in buying up estates had been used in planting the right teachers in Polish districts, men who understood how to create in the minds of the young Poles an appreciation for German culture, we should have done well." A sentiment like this belongs to another age than the present, though a coming

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generation may come back to it. There is certainly truth in the lament of the Polish nobleman mentioned above: "The Prussian Government, so methodical, so exact, so precise in most matters, has never learned how to win the love and confidence of those whom it rules. It can only destroy, placing Germans in the place of the Poles who are wiped out." It is exactly this national spirit of unwavering precision, of inflexible discipline—so admirable in itself, and when applied where properly applicable productive of the most admirable results—which accounts for Prussia's failure, after a trial lasting over a hundred years, to pacify the Polish provinces and to induce them to throw in their lot heartily with the rest of the monarchy. Perhaps the end which has not been reached by the imposition of an arbitrary system of "regimentation" will eventually be attained by the employment of suaver measures.

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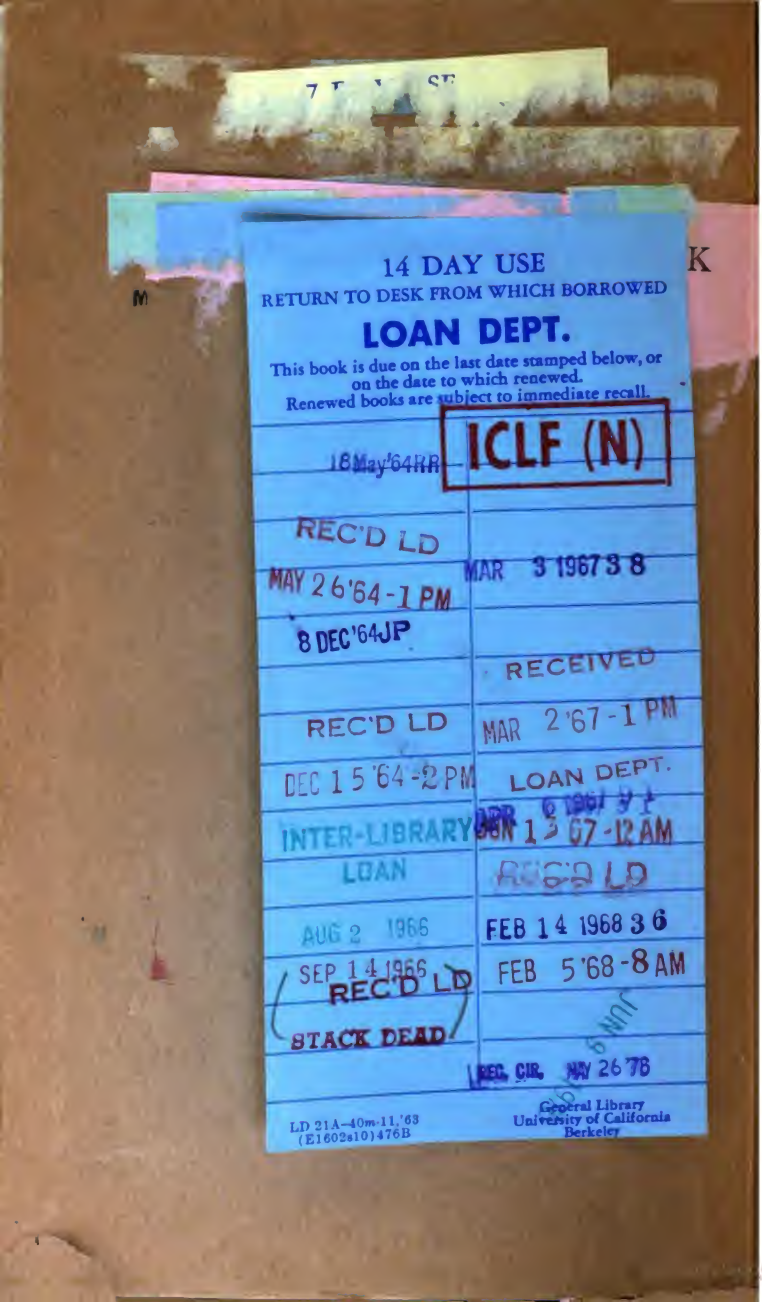
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